A GRALLA PUBLICATION

JULY 1984

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

Look what phones can do now!

- multi-featured models build a new market
- cellular units hit the road in force in many cities
- cordless gets new channels to grow on
- handsets wed answerers in high-tech rites

...and the business continues to grow

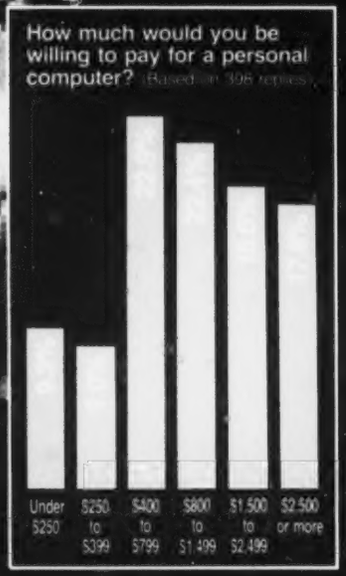
Annual Consumer Survey

1,733 shoppers tell how they'll spend their dollars in the year ahead

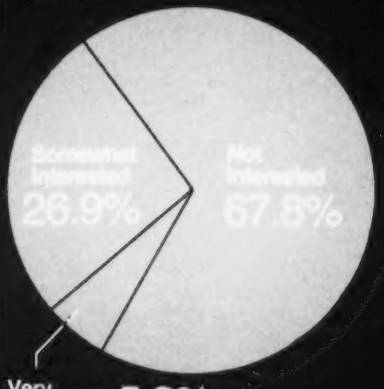
If you own a microwave oven, would you consider trading it in for one with additional features?
(Based on 352 replies)

Yes 37.8%
No 62.2%

How much would you be willing to pay for a personal computer? (Based on 396 replies)

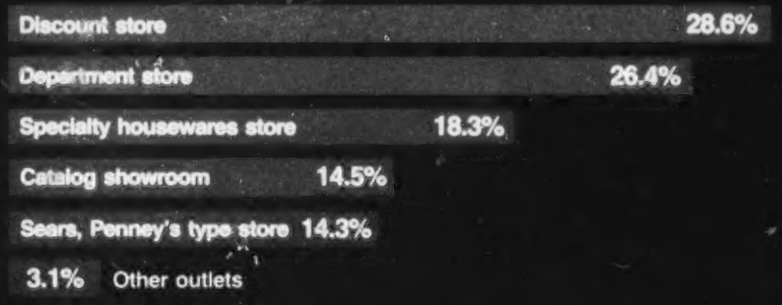


How interested are you in purchasing an eight-mm video system? (Based on 796 replies)



Very interested 5.3%

If you expect to purchase cookware in the next 12 months, where will you buy it?



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MERCHANDISING (USPS 104-810) (ISSN 0362-3920) is published monthly by Gralla Publications, 1515 Broadway, New York, NY 10036. Telephone (212) 869-1300. Circulated free of charge to individuals involved in the retailing of major appliances, housewares and consumer electronics. All other U.S. subscriptions $33.00 per year. Foreign subscriptions $55.00 per year. Single copies $4.00 except for March and July issues $15.00. Second Class postage paid at New York, NY and additional mailing offices.

SUBSCRIPTION INFORMATION AND ADDRESS CHANGES: Write to MERCHANDISING, Circulation Department, Room 930, 1501 Broadway, New York, NY 10036. Change-of-address notices should be sent promptly, provide old as well as new address, include ZIP code number and address label from recent issue. Please allow one month for change of address to become effective.

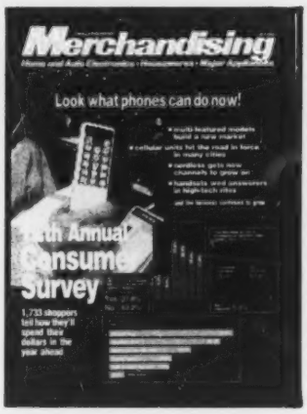
POSTMASTER: Send address changes to MERCHANDISING, Circulation Department, Room 930, 1501 Broadway, New York, NY 10036. Second Class postage paid at New York, NY, and additional mailing offices.

MERCHANDISING is a member of the Audit Bureau of Circulations.

CURRENT AND BACK COPIES of Merchandising and Merchandising Week are available in microfilm from University Microfilm, Ann Arbor, MI 48106

Merchandising
FOR OVER 56,200 RETAILERS & WHOLESALERS

July 1984
Our 77th Year
Vol. 9, No. 7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Buying plans continue strong among this group of 1,733 shoppers

The mood continues upbeat. The 1,733 shoppers interviewed in late spring by *Merchandising* pollsters indicated that the purchasing power they have been wielding for the past year or so is not losing strength. Signs are that the shopping spree will continue.

Although the results of this year's survey are not directly comparable with those of previous years, a casual look at the results for 1983 and 1984 reveal some interesting information. Here are some highlights:

Consumer Electronics

TV's: Demand is holding about even with last year (which broke all records). Plus, more than half of the shoppers polled said they could get excited about stereo broadcasting—perhaps even excited enough to make an unplanned purchase.

VCR's: The force is growing. Ownership is up, yet the percentage of shoppers planning to buy is up too. More good news: The shoppers are more *feature* than *price* conscious.

Videodiscs: This category is taking a breather. Laser has still not taken off (although the new music videos and interactive games will help), and RCA's abdication of the CED format is going to hurt the category as a whole for a while. Hardly any shoppers plan to buy.

Projection TV: Fewer people plan a purchase. Because of its size and price, the product remains a very special one that attracts only a limited number of customers.

Prerecorded Videocassettes: As the installed base of VCR's continues to expand, the average number of tapes owned is holding steady. More people, however, plan to buy this year. Rental is still king, and the percentage of people renting is up as is the number of tapes they plan to rent.

Blank Videotape: VCR owners are buying more: Those purchasing 10 or more units will climb this year.

Blank Audiotape: While fewer cassette player owners plan to buy blank tape, those who do are buying more. And quality is becoming more, price less important.

High Fidelity: Purchase plans are off slightly from the previous year. Still, more than 10 percent of the shoppers plan to buy.

Compact Disc Players: Just starting out, this young product should be purchased by a growing number of the consumers this year as the word spreads and prices fall.

Car Stereo: Plans to buy are off somewhat. But those who buy will spend more. And there appears to be a notable decline in the number of people who would automatically buy the model that comes with the car.

Personal Portable Stereo: As the category matures, purchase plans have slipped and people expect to pay less for the product.

Videogames: A product on hiatus, videogames will be purchased by fewer and fewer consumers this year, and almost half of the videogame owners will buy no new cartridges. This is truly a product in need of some excitement.

Personal Computers: About the same percentage of people as last year expect to buy. But they expect to pay more. And more than a third say they don't need a computer specialty store to hold their hand—they'll shop at the same place where they bought their TV, VCR or videogame.

Calculators: Saturation continues to increase, but so do purchase plans. The product has become a true commodity, even though the average shopper still plans to spend $55.38 for his calculator.

Quartz Watches: More than half the shoppers own one. And many still plan to buy one in the next 12 months. It's about evenly divided between analog and digital models.

Telephones: More than half of this group owns at least one phone. And the number of shoppers planning to buy is still holding steady, even though people do expect to pay less. As for cordless models, fewer purchases are planned, perhaps partly as a result that some 28 percent of the current owners are not happy with the product.

Major Appliances

Air Conditioners: Although the polling was done before the early summer heat wave hit the East Coast and sent sales through the roof, more consumers still said they were planning to buy a unit this year. The sad part is that almost half of the people don't appear to know about EER's, and that many of those who are aware still don't seem to care when it comes to making a purchase.

Microwave Ovens: Saturation among this group is up to almost 42 percent from last year's group with 38.5 percent. Yet plans to purchase are off only a bit. Consumers do, however, expect to spend less—down to an average $356.87 this year compared with $423.76 a year ago.

Other Appliances: Fewer consumers are planning to buy basic major appliances in the next 12 months than in the group polled last year, perhaps signaling a coming plateau in what has been a booming industry for the past year. The biggest winners in the months to come will be clothes dryers, washers and dishwashers. What do consumers think about the new colors? See page 26.

Housewares

Cookware: Glass and stainless steel come out on top this year. And discount stores are coming on strong, largely at the expense of department stores.

Food Processors: Saturation is up; still, a substantial number of the shoppers plan to buy one in the next 12 months, paying a respectable $113.39, on the average.

Personal Care: Most popular are bathroom scales, hair dryers and shavers. Blood pressure monitors are taking off too.

Kitchen Electrics: Hot products here are coffee makers, electric woks, blenders, food slicers, can openers and irons. More than a quarter of the shoppers polled own a space saving appliance and 16.4 percent plan to buy one in the next 12 months.

Air Purifiers: Purchase plans are holding about steady, but people are willing to spend more: an average $47.50.

Fans: More people say they will buy in the next 12 months, with ceiling fans way out in front. Again, this information preceded the heat wave.

Clocks: Most popular by far are analog kitchen wall clocks and digital clock radios.

Grills: Purchase plans are up, with charcoal remaining the most popular.

Vacuums: Many more people are planning a purchase, and much of the action will continue in the booming handheld category.

For more details, just keep reading. The following 18 pages will tell you all you need to know about how this particular group of shoppers views the next 12 months —and what you can do to get ready for them.

—Lee Rath
editor

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Statistical Matter for this survey was collected and compiled by **Selma Book**, market research manager, and **Matea Esguerra** and **Pat Jagbandhansingh**, research associates. They were aided by **Lisa Sunga, Renee Weil,** Robert Wormsbaud, Janice Gunn, Renee Gordon and

1,733 shopper represent a cross-section of America

A grand total of 1,733 shoppers were interviewed for this year's consumer survey by more than 20 pollsters operating in every region of the nation. Interviews were conducted during April and May in shopping centers, malls, city streets—anywhere consumers could be found with buying on their mind.

As a result, we hasten to point out, this sample is not projectable to the population at large. Those people interviewed for this survey were in a shopping district. Chances are, they had money to spend and were out selecting merchandise and making purchases. Hence, the results would tend to skew higher than what might be the national average.

Two mini-questionnaires were used in taking this year's poll. Half the respondents were queried about consumer electronics products, half about major appliances and housewares. Due to the importance of two emerging categories—computers and telephones—all 1,733 shoppers were asked questions about these products.

The results, printed on the following pages, should give an idea of what's on these consumers' shopping lists this year. What purchases are they going to be making in the next 12 months? What features are they going to be looking for on those products? How much are they willing to pay? These are among the questions our poll has tried to answer.

We've also attempted to measure consumer attitudes about products ranging from room air conditioners to computers to portable air filters. What does the consumer think about when he enters the market for one of these items? What's important to him? And, just as importantly, what's not?

We found the average respondent this year would probably be a woman between the ages of 30 and 39. She lives in a suburb of a western city with her husband. Chances are good they do not have children. But if they did, they would have one or two. Total household income is probably around $30,000, and the woman is likely to work outside of the home.

While this might paint a picture of the average consumer, the response was incredibly broad. People were interviewed from the East Coast to the West Coast, from the Canadian to the Mexican borders. Households included from one person to six or more. People lived in cities, suburbs, towns or villages and rural areas. And incomes ranged from under $10,000 to well over $50,000.

Although the results of this year's poll are not directly comparable to those in surveys *Merchandising* has done in previous years (this is our twelfth annual Consumer Survey), some interesting comparisons can be made.

For one thing, unemployment among our shoppers is down to 7.1 percent this year from 10.2 percent last year. We also find that household income is up. This year, 51.4 percent reported earnings $30,000 or more, compared with 43.8 percent last year.

This bodes well for retailers who, obviously, should be encouraged by the increase in the number of employed, well-paid shoppers in the marketplace.

After all, 1983 was an excellent year for almost all of the products covered in this survey. With the consumers this year even stronger and more confident, can '84 be anything but better? ●

—Lee Rath
editor

Characteristics of the Sample

Replies: By employment status

	Number of replies	Percent of replies
Employed	1,239	71.5%
Homemaker	270	15.6%
Student	68	3.9%
Military	14	0.8%
Retired	18	1.1%
Unemployed	123	7.1%

Replies: By number of persons in household

	Number of replies	Percent of replies
One	311	18.0%
2 to 3	915	52.8%
4 to 5	449	25.9%
6 or more	57	3.3%

Replies: By number of children* in household

	Number of replies	Percent of replies
No children	1,040	60.0%
1 child	394	22.8%
2 to 3 children	282	16.3%
4 or more	16	0.9%

*Under 16 years of age

Replies: By location of residence

	Number of replies	Percent of replies
City	588	34.0%
City suburb	812	46.9%
Town or village	243	14.0%
Other rural	89	5.1%

Replies: By marital status

	Number of replies	Percent of replies
Married	1,014	58.5%
Divorced/Separated	235	13.6%
Widowed	107	6.2%
Single	376	21.7%

Replies: By age

	Number of replies	Percent of replies
Under 21	69	4.0%
21 to 29	436	25.2%
30 to 39	487	28.1%
40 to 49	363	20.9%
50 to 64	282	16.3%
65 and over	95	5.5%

Replies: By sex

	Number of replies	Percent of replies
Female	1,004	58.0%
Male	728	42.0%

Replies: By household income, by region

	Percent of replies*					
	Total	Northeast	North Central	South Atlantic	South Central	West
(Number of replies)*	(1,653)	(367)	(354)	(275)	(275)	(382)
Under $10,000	4.6%	4.4%	4.0%	4.0%	9.5%	2.6%
$10,000 to $19,999	20.0%	13.4%	23.4%	19.3%	30.2%	16.2%
$20,000 to $29,999	24.0%	19.6%	29.7%	24.0%	24.0%	22.8%
$30,000 to $39,999	24.0%	27.5%	24.6%	24.7%	18.5%	23.3%
$40,000 to $49,999	14.8%	20.7%	10.4%	14.5%	10.2%	16.8%
$50,000 or more	12.6%	14.4%	7.9%	13.5%	7.6%	18.3%

*Excludes no answer.

Replies: By geographic region

Region	Number of replies	Percent of replies	Percent of electrically wired homes in region*
Northeast (New England/ Middle Atlantic)	367	21.2%	20.3%
North Central (East and West North Central)	362	20.9%	25.7%
South Atlantic	331	19.1%	17.2%
South Central (East and West South Central)	282	16.3%	17.4%
West (Mountain/ Pacific	390	22.5%	19.4%
Total	**1,732**	**100.0%**	**100.0%**

*Source: Edison Electric Institute for 3rd Quarter of 1983.

Videogames look to rebound from stagnant period

If the videogame industry isn't dying, as many manufacturers insist, then it has probably at least reached a plateau. While 27.2 percent of the 860 shoppers polled by *Merchandising* said they currently own a videogame console, only 3.8 percent of the responding group said they plan to buy a unit in the next 12 months. The total number of households polled that will have a console will be 29.1 percent, according to the survey.

The reason why the figures leave significant room for improvement is that in earlier surveys, far more of the shoppers questioned said they expected to own some kind of system.

Reasons for the drop in 1984 can only be speculated upon, but probably one of the main reasons for the softness in videogames is the lack of revolutionary new titles. Long gone are the days when children would line up at the arcade parlor to play Pac-Man and Donkey Kong.

This theory is supported in the chart below which asks shoppers to state why they aren't considering buying a videogame console. Out of 731 replies, 63.3 percent said they were just not interested.

Whether or not these people bought and then discarded a console or won't buy one because they simply don't like to play videogames cannot be answered. What can be said, however, is that if the videogame console suppliers want to keep their customers happy they would be wise to develop a new product that would recapture the magic the category once had.

On the software side, the majority of the 231 shoppers who currently own a videogame console said they would buy from five to nine cartridges in the next 12 months. This 32.9 percent figure seems to indicate that people will continue to play games—but only if the games are interesting. ●

—Frank Cavaliere
assoc. ed. / computers & personal electronics

Videogames

Where did you / would you purchase your videogame?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(232)	(546)
Discount store	26.7%	34.2%
Department store	20.7%	12.1%
Sears, Penney's type store	19.4%	20.5%
Electronics store	6.9%	15.4%
Catalog showroom	6.5%	8.2%
Appliance/TV store	3.4%	7.0%
Hifi specialty store	2.2%	1.6%
Other outlets	14.2%	2.7%
Total	100.0%	*

*Does not add to 100% because of multiple replies.

Expected change (%) in videogame ownership in the next 12 months

	Percent of replies*
Now own	27.2%
Will buy in next 12 months	3.8%
Will own in next 12 months	29.1%
	**

Expected percent change in ownership: +6.8%

*860 replies
**Seventeen respondents (2.0%) now own and plan to buy in next 12 months

How much would you be willing to pay for your videogame?

	Percent of replies*
Under $30	14.7%
$30 to $74	30.5%
$75 to $149	30.5%
$150 to $199	14.7%
$200 or more	9.6%
Average: $95.87	

*95 replies

If you do not expect to purchase a videogame in the next 12 months, why not?

	Percent of replies*
Not interested	63.3%
Already own one	23.9%
Prefer a computer	7.9%
Too expensive	6.4%
Other reasons	1.1%
	**

*731 replies
**Does not add to 100% because of multiple replies.

If you own a videogame, how many videogame cartridges do you own? How many do you expect to purchase in the next 12 months?

	Percent of replies	
	Own now	In next 12 months
(Number of replies)	(231)	(217)
1 to 4	20.8%	35.9%
5 to 9	32.9%	18.0%
10 to 19	30.3%	3.7%
20 or more	12.5%	0.0%
One or more	96.5%	57.6%
None	3.5%	42.4%

Stereo sound is expected to bring added life to the TV market

A notable 31 percent of the consumers polled by *Merchandising* said they plan to buy a television set this year. While 87.2 percent of the sample have their hearts set on a color model, black and white TV's are still in the picture.

The TV market has been fueled by a rebound in the economy and a strong replacement business.

In addition, televisions are not just used to watch soap operas and such programs as Dynasty. The VCR boom and computer bug that have captured the American public have also prompted many people to take a closer look at the picture quality that their battered old TV's produce. This has sent swarms of consumers to the stores for new TV's.

While picture quality ranks first in purchasing a new set, sound quality is also considered when making a purchase. If TV programs were broadcast in stereo, 52 percent of those polled said that their next TV bought would be stereo equipped. While 39.1 percent said they would not buy a stereo TV, 8.9 percent remained undecided.

Since the Federal Communications Commission (FCC) has approved the Zenith transmission system and the dbx noise reduction system as the standard for stereo broadcasting for the industry, it looks like the networks may soon be gearing up to produce everything from concerts to talk shows in stereophonic sound. This will bring added life back into the color TV market.

The recently introduced Beta and VHS hifi videocassette recorders also tie in with the upcoming stereo TV's. When the networks get in gear, consumers will be able to tape their favorite programs off the air in stereophonic sound.

How much are consumers willing to shell out for a new TV? A whopping 37.8 percent were willing to fork out $300 to $499 while 24.4 percent were willing to pay $500 to $699. Some 14.4 percent of those polled were willing to part with $700 or more for a new TV while 18.3 wanted a television for $100 to $299. The remainder, 5.1 percent of the sample, only wanted to take under $100 out of their pockets to obtain the product.

It's likely that many shoppers will continue to upgrade their TV's as the video boom grows. And it looks like 1984 will be a banner year in sales. ●

—Stephanie Flory
sr. assoc. ed. / video-audio

TV

Do you expect to purchase a TV in the next 12 months?

	Percent of replies*
Yes	31.0%
No	69.0%

*860 replies

If you expect to purchase a TV in the next 12 months, will it be color or B&W?

	Percent of replies*
Color TV	87.2%
Black-and-white TV	13.6%

*265 replies. Includes two respondents who plan to buy both.

If TV programs were broadcast in stereo, would the next TV that you purchase be stereo equipped?

	Percent of replies*
Yes	52.0%
No	39.1%
Undecided	8.9%

*860 replies

How much would you be willing to pay for your TV?

	Percent of replies*
Under $100	5.1%
$100 to $299	18.3%
$300 to $499	37.8%
$500 to $699	24.4%
$700 or more	14.4%
Average: $452.41	

*312 replies

Lack of interest haunts videodisc player business

It looks like interest in videodisc players is continuing at a low level. With the demise of RCA's CED players, even fewer consumers are searching the shelves for videodisc players.

The one format that manufacturers are still banking on is laser. As the product improves and becomes more interactive, perhaps it will gain more consumer acceptance. The interest in compact disc players has also directed more attention to laser.

Two percent of those shoppers polled by *Merchandising* already own videodisc players but only 0.1 percent plan to buy one within the next 12 months. This would only produce a 5.9 percent change in ownership.

When asked why they do not plan to purchase a videodisc player, the majority, 50.3 percent, declared they were simply not interested. Some 17.6 percent said that they already own a VCR and therefore did not want a videodisc player.

Another 14.1 percent of those queried said that videodisc players were too expensive to fit within their budgets.

Surprisingly 11.7 percent were not familiar with the product. Yet other reasons were cited by 10.8 percent of the respondents for not buying a videodisc player.

Some 28.6 percent of the shoppers said they would be willing to pay under $150 for a videodisc player and the same percentage of shoppers were also willing to shell out $150 to $299 for the product. Another 25.7 percent were willing to slap down $300 to $499 while 17.1 percent were willing to pay $500 or more for the product.

While videodisc sales have been disappointing in many parts of the country, there are some factors that could very well help the product take off. The increased interest in music videos, for example, could help spur sales. Music videos have captured the hearts of the younger generation and many of these people are not interested in the time shifting capabilities of videocassette recorders. A videodisc player may be just the answer to their needs.

At the Consumer Electronics Show, Pioneer displayed a Laser Disc jukebox which could stack up to 60 eight-in. discs. With a maximum playing time of up to 40 minutes per disc, the system can play up to 2,400 minutes of music or up to 600 music videos.

Since the product will be placed in bars and restaurants it will draw added attention to the laser format. When consumers see and hear their favorite music at the bars, they may start thinking about a laserdisc player for home use.

Also, interactive videogames, such as the popular arcade hit Dragon's Lair, may put more pizzazz into videodisc players. Although the overall videogame market is suffering from turmoil, laser videogames still hold promise. One manufacturer has already developed an interactive videodisc game which takes consumers through adventures. ●

—Stephanie Flory
sr. assoc. ed./video-audio

Videodisc Players

Expected change (%) in videodisc player ownership in the next 12 months

	Percent of replies*
Now own	2.0%
Will buy in next 12 months	0.1%
Will own in next 12 months	2.1%

Expected percent change in ownership: +5.9%

*860 replies

How much would you be willing to pay for a videodisc player?

	Percent of replies*
Under $150	28.6%
$150 to $299	28.6%
$300 to $499	25.7%
$500 or more	17.1%
Average: $301.44	

*35 replies

If you do not own a videodisc player and do not expect to purchase one in the next 12 months, why not?

	Percent of replies*
Not interested	50.3%
Already own a VCR	17.6%
Too expensive	14.1%
Not familiar with it	11.7%
Other reasons	10.8%
	**

*743 replies
**Does not add to 100% because of multiple replies.

High prices, lack of room affects projection TV sales

It appears that high prices and a lack of room have kept many consumers from purchasing projection TV's. But as prices continue to slide and models are designed to occupy less space, the market should take a turn for the better.

Only 2.3 percent of those shoppers polled said that they plan to purchase a projection television this year. These consumers represent a very distinct audience—decidedly upscale.

Already, 4.4 percent of the group own a projection TV. If the shoppers who noted that they will acquire a projection TV in the next 12 months hold true to their plans, this will produce a 52.6 percent change in ownership.

How much are consumers willing to pay for a projection television? Some 30.1 percent of those polled are willing to shell out $1,000 to $1,499. Since 27.4 percent of the shoppers queried would only part with $500 to $999 for a giant screen TV, it appears that many consumers are not even aware of the costs of these models. In addition, 8.2 percent were only willing to fork out under $500 for the product.

Why aren't consumers flocking to the stores for projection TV's? More than a third, 39.9 percent, stated that they were simply not interested. High costs were cited by 33.5 percent of the group, and 27.7 percent of those queried simply don't have the room for a large screen model.

Poor picture quality was another deterrent to sales, since 15.9 percent said this prevented them from taking the plunge into the projection TV market. Another 4.5 percent are living in the Dark Ages and are not familiar with the product. The remaining 0.9 percent said other reasons kept them from taking a projection TV home.

Many of these problems are being alleviated by the manufacturers now. Picture quality on many of the units introduced at the June Consumer Electronics Show was dramatically improved. Newer models are also coming down in price. ●

—Stephanie Flory
sr. assoc. ed./video-audio

Projection TV

Expected change (%) in projection TV ownership in the next 12 months

	Percent of replies*
Now own	4.4%
Will buy in next 12 months	2.3%
Will own in next 12 months	6.7%

Expected percent change in ownership: +52.6%

*860 replies

How much would you be willing to pay for your projection TV?

	Percent of replies*
Under $500	8.2%
$500 to $999	27.4%
$1,000 to $1,499	30.1%
$1,500 to $2,499	23.3%
$2,500 or more	11.0%
Average: $1,245.20	

*73 replies

If you do not have a projection TV and do not expect to purchase one in the next 12 months, why not?

	Percent of replies*
Not interested in it	39.9%
Too expensive	33.5%
Don't have the room	27.7%
Don't like the quality of the picture	15.9%
Not familiar with it	4.5%
Other reasons	0.9%
	**

*772 replies
**Does not add to 100% because of multiple replies.

VCR ownership is on the upswing as prices plunge

With prices dipping downward as performance becomes better than ever, it looks like the VCR is well on its way to becoming a standard fixture in American households.

Slightly more than one fourth of the consumers polled, or 26 percent, already own a VCR. Another 17.8 percent plan to buy one this year which would produce a 68.3 percent change in ownership.

How important is stereo sound as a consideration to consumers when purchasing a VCR? Very important, according to 24.4 percent of the shoppers. While 32.7 percent of those queried said that stereo sound was unimportant, the majority, or 42.9 percent, ranked it as somewhat important.

Beta hifi machines are already making a strong mark. VHS hifi units have just started shipping, and are in high demand. But when stereo TV's begin to carve a niche in the market, hifi sound will become more and more important to VCR owners across the country.

When buying a VCR, the majority of the shoppers, 47 percent, ranked features as the most important factor. Some 38 percent of the consumers rated price as a top priority when selecting a videocassette recorder.

Of those who already own VCR's, 25.4 percent have already purchased video cameras. Another 26.8 percent plan to buy one within the next 12 months, which will create a 105.2 percent change in ownership.

However, it looks like the manufacturers need to do a better job in educating consumers on the merits of camcorders. The majority of those polled, 60.4 percent, said that they were not interested in the product. Only 11.3 percent were very interested while 28.3 percent were somewhat interested.

Eight-mm video is another product category that many consumers don't quite understand. However, 5.3 percent of the shoppers stated they were very interested in the product. The majority, 67.8 percent, were not interested while 26.9 percent said they were somewhat interested.

Some manufacturers are concerned that all of the hype over the upcoming eight-mm format may create consumer confusion and could bite heavily into portable video sales. The outcome for eight mm remains to be seen but the product could find its own niche in the booming video market.

When the product becomes available, price will be a strong consideration to purchasers. The initial eight-mm systems are slated to retail for about $2,000. However, the majority of those polled, 29 percent, said they would be willing to put $500 to $999 towards owning a system. Only 7.9 percent said they would count out $1,000 or more for the product.

It is also interesting to note where consumers are shopping for video products. The survey shows that 22.6 percent of the shoppers who plan to buy a VCR would walk into a video specialty store. A discount store was selected by 21.9 percent of the consumers while a Sears/Penney's type of store would be the preferred outlet for 16.1 percent of future VCR purchasers.

Evidently the video specialty store is catering to the needs of a slew of consumers who are very concerned about product features. Since these shoppers still have a lot of learn about VCR's, they're willing to shell out a few extra bucks to obtain the service and education that they feel they deserve.

With six to seven million VCR's expected to be shipped in 1984, many manufacturers are keeping their fingers crossed for market penetration to hit 20 percent by the end of the year. This would produce a doubling of VCR ownership. ●

—Stephanie Flory
sr. assoc. ed / video-audio

Videocassette Recorders

Expected change (%) in VCR ownership in the next 12 months

	Percent of replies*
Now own	26.0%
Will buy in next 12 months	17.8%
Will own in next 12 months	43.8%
Expected percent change in ownership:	+68.3%

*860 replies

How much would you be willing to pay for a VCR?

	Percent of replies*
Under $300	9.1%
$300 to $499	42.7%
$500 to $800	35.5%
$800 or more	12.7%
Average: $507.84	

*197 replies

How interested are you in purchasing an eight-mm video system?

	Percent of replies*
Very interested	5.3%
Somewhat interested	26.9%
Not interested	67.8%

*796 replies

If you do not have a VCR and do not expect to purchase one in the next 12 months, why not?

	Percent of replies*
Not interested in it	51.0%
Too expensive	45.4%
Not familiar with it	7.5%
Other reasons	6.1%
	**

*441 replies
**Does not add to 100% because of multiple replies.

How important is it that your VCR have stereo sound?

	Percent of replies*
Very important	24.4%
Somewhat important	42.9%
Unimportant	32.7%

*783 replies

Where did you / would you purchase your VCR?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(220)	(627)
Video specialty store	24.5%	22.6%
Sears, Penney's type store	17.3%	16.1%
Department store	15.9%	10.5%
Appliance/TV store	15.5%	14.4%
Hifi specialty store	10.0%	8.5%
Discount store	8.2%	21.9%
Catalog showroom	4.1%	5.7%
Other outlets	4.5%	3.5%
	*	*

*Does not add to 100% because of multiple replies.

What is the most you would be willing to pay for an eight-mm video system?

	Percent of replies*
Under $150	8.3%
$150 to $249	27.2%
$250 to $499	27.6%
$500 to $999	29.0%
$1,000 or more	7.9%
Average: $419.75	

*228 replies

What are the most important factors for you in choosing a VCR?

	Percent of replies*		
	Main factor	Second factor	Third factor
Features	47.0%	32.9%	16.0%
Price	38.0%	35.6%	20.3%
Brand name	10.8%	22.2%	53.3%
Other factors	4.2%	3.4%	1.2%
None indicated	—	5.9%	9.2%

*595 replies

Expected change (%) in video camera ownership in the next 12 months

	Percent of replies*
Now own	25.4%
Will buy in next 12 months	26.8%
Will own in next 12 months	52.2%
Expected percent change in ownership:	+105.2%

*224 replies

How much would you be willing to pay for a video camera?

	Percent of replies*
Under $200	9.1%
$200 to $399	20.0%
$400 to $699	41.8%
$700 to $999	17.3%
$1,000 or more	11.8%
Average: $559.55	

*110 replies

How interested are you in purchasing a camcorder?

	Percent of replies*
Very interested	11.3%
Somewhat interested	28.3%
Not interested	60.4%

*787 replies

More consumers are buying blank and prerecorded videocassettes

It's a fact. Blank tape sales have taken off like gangbusters this year. The main reasons: The number of VCR owners is on the upswing.

Although most of those shoppers polled, or 24.6 percent, only purchased one to four videotapes in the past year, these consumers plan to boost their blank tape purchasing significantly within the next 12 months. The majority, 28.3 percent, said that they expect to carry home 10 to 19 blank tapes during that period.

They should find their shopping easy. There are a lot more names in the blank tape market to choose from. Kodak and Polaroid are now in the business and have already gained significant distribution.

And the blank tape business has mushroomed out from the video specialty stores into just about every retail outlet imaginable. The supermarkets have captured a significant amount of the market as have the mass merchandisers.

Since prices have dropped to the $39.95 point in prerecorded movies and music videos have hit the scene, more consumers are adding their favorite tapes to their home libraries. Some 65.1 percent of the VCR owners polled have purchased one or more prerecorded tapes.

Although the majority, or 29.7 percent own one to four prerecorded tapes, it is interesting to note that three percent of the sample own 30 to 49 tapes while 2.2 percent have 50 or more in their home library.

In the next 12 months, 64.6 percent of those queried plan to buy one or more prerecorded tapes. Some 23.9 percent of the group will purchase one to four.

Recent movies (1981 or later) will be purchased by 40.8 percent of the sample while older movies (pre-1981) will be bought by 30.3 percent. Music videos, a new category, will be swept up by 10.1 percent. Nine percent plan to purchase educational/instructional tapes.

However, rentals still dominate the prerecorded tape market, so it's no surprise that 88.2 percent of the shoppers have rented one or more. Some 22.4 percent plan to rent 10 to 19 tapes within the next 12 months and 11.8 percent plan to view a whopping 50 or more tapes.

As for the future, with the VCR market nothing short of spectacular, it's only natural that both blank and prerecorded tape sales should follow suit. ●

—Stephanie Flory
sr. assoc. ed./video-audio

Videotape

If you own a VCR, what portion (%) of the prerecorded videotapes that you plan to rent in the next 12 months will each of the following account for?

	Percent of prerecorded videotapes rented in next 12 months**
Recent movies (1981 or later)	50.0%
Older movies (pre-1981)	25.2%
X-rated	10.0%
Educational/instructional	7.1%
Music	7.1%
Other	0.6%

*212 replies
**Total number of prerecorded videocassettes: 5,309

Average for those VCR owners buying any blank videotapes in the past 12 months or planning to purchase any in the next 12 months

	In past 12 months	In next 12 months	Percent change
(Number of purchasers)	(191)	(188)	(−1.6%)
Average number of blank videotapes per purchaser	8.1	8.9	+9.9%
Total blank videotapes purchased (all purchasers)	1,548	1,667	+7.8%

If you own a VCR, of the videotapes that were purchased blank, how many did you buy in the past 12 months? How many do you expect to purchase in the next 12 months?

	Percent of replies*	
	In past 12 months	In next 12 months
1 to 4	32.7%	21.3%
5 to 9	23.9%	25.7%
10 to 19	20.8%	28.3%
20 to 29	4.4%	5.3%
30 to 49	1.3%	1.3%
50 or more	1.3%	1.3%
One or more	84.5%	83.2%
None	15.5%	16.8%

*226 replies

If you own a VCR, how many videotapes do you own that were purchased blank?

	Percent of replies*
1 to 4	24.6%
5 to 9	20.5%
10 to 19	22.3%
20 to 29	9.4%
30 to 49	4.5%
50 or more	4.0%
One or more	85.3%
None	14.7%

Average for those buying any ..ank videotapes: 12.4

*224 replies

If you own a VCR, how many prerecorded videotapes do you own?

	Percent of replies*
1 to 4	29.7%
5 to 9	11.2%
10 to 19	13.8%
20 to 29	5.2%
30 to 49	3.0%
50 or more	2.2%
One or more	65.1%
None	34.9%

Average for those owning prerecorded videotapes: 11.1

*232 replies

If you own a VCR, of your prerecorded videotapes, how many did you buy in the past 12 months? How many do you expect to purchase in the next 12 months?

	Percent of replies*	
	In past 12 months	In next 12 months
1 to 4	33.5%	23.9%
5 to 9	12.9%	19.2%
10 to 19	14.4%	17.7%
20 to 29	1.4%	1.9%
30 or more	1.9%	1.9%
One or more	64.1%	64.6%
None	35.9%	35.4%

*209 replies

If you own a VCR, how many prerecorded videotapes did you rent in the past 12 months? How many do you expect to rent in the next 12 months?

	Percent of replies	
	In past 12 months	In next 12 months
(Number of replies)	(249)	(237)
1 to 4	11.2%	9.3%
5 to 9	12.1%	13.5%
10 to 19	23.3%	22.4%
20 to 29	12.5%	17.7%
30 to 49	9.2%	13.5%
50 or more	8.4%	11.8%
One or more	76.7%	88.2%
None	23.3%	11.8%

If you own a VCR, what portion (%) of the prerecorded videotapes that you plan to purchase in the next 12 months will each of the following account for?

	Percent of prerecorded videotapes purchased in next 12 months**
Recent movies (1981 or later)	40.8%
Older movies (pre-1981)	30.3%
Music	10.1%
Educational/instructional	9.0%
X-rated	8.7%
Other	1.1%

*137 replies
**Total number of prerecorded videocassettes: 1,106

Average for those VCR owners buying any prerecorded videotapes in the past 12 months or planning to purchase any in the next 12 months

	In past 12 months	In next 12 months	Percent change
(Number of purchasers)	(134)	(135)	(+0.7%)
Average number of prerecorded videotapes per purchaser	6.7	7.3	+9.0%
Total prerecorded videotapes purchased (all purchasers)	895	985	+10.1%

Average for those VCR owners renting any prerecorded videotapes in the past 12 months or planning to rent in the next 12 months

	In past 12 months	In past 12 months	Percent change
(Number of renters)	(191)	(209)	(+9.4%)
Average number of prerecorded videotapes per purchaser	22.7	24.5	+7.9%
Total prerecorded tapes rented (all renters)	4,337	5,126	+18.2%

Consumers look for quality over price in blank audiotape

Quality is rated over price when purchasing blank audiocassettes, according to 64.4 percent of the shoppers polled by *Merchandising*.

Only 30.3 percent rated price as the top priority when searching the shelves for blank tape while 5.3 percent put brand name above everything.

Competition is hot in the blank audiotape market with virtually every type of retailer now in the business. Today, a shopper can find cassettes in grocery stores, neighborhood pharmacies and 24-hour convenience stores, to name but a few.

The majority of those shoppers polled, 58.4 percent, already own a cassette recorder. Many also have decks in their automobiles and own personal portable stereos. Some 25.1 percent of the cassette recorder owners purchased 10 to 19 blank audiocassettes within the past 12 months. And 27.4 percent plan to purchase that same number in the year ahead.

It's interesting to note that 11.4 percent of the consumers bought a whopping 50 or more blank audiocassettes within the past year. However only 1.1 percent plan to buy that many in the next 12 months.

High-grade audiotape is enjoying added action at retail as more shoppers recognize its merits. Manufacturers are offering more point-of-purchase aids to retailers to stress the merits of high-grade tape. This also helped put more profitability back into the category as a whole.

In addition, with more people getting ready to record off of compact disc players, they will want the best blank audiotape possible. This bodes well for high-grade.

To combat rampant price erosion in the market, blank tape vendors are offering more incentives to consumers than ever before. Instead of sitting back while retailers slash prices to the bone, they are promoting everything from buy-one-get-one-free incentives to special sweepstakes. ●

—Stephanie Flory
sr. assoc. ed. / video-audio

Audiotape

Do you own a cassette recorder?

	Percent of replies*
Yes	58.4%
No	41.6%

*860 replies

What are the most important factors for you when buying a blank audiocassette?

	Percent of replies*		
	Main factor	Second factor	Third factor
Quality	64.4%	28.7%	4.5%
Price	30.3%	41.7%	21.1%
Brand name	5.3%	20.9%	63.4%
None indicated	0.0%	8.7%	11.0%

*492 replies

If you own a cassette recorder, how many of your audiocassettes did you purchase blank in the past 12 months? How many do you expect to buy in the next 12 months?

	Percent of replies	
	In past 12 months	In next 12 months
(Number of replies)	(411)	(448)
1 to 4	13.4%	11.2%
5 to 9	20.7%	24.8%
10 to 19	25.1%	27.4%
20 to 29	12.9%	9.1%
30 to 49	8.5%	0.7%
50 or more	11.4%	1.1%
One or more	92.0%	74.3%
None	8.0%	25.7%

Compact disc players put pizzazz back into audio

It's no secret that the compact disc player has been pegged as *the* product that will bring new life back into the audio market. But it looks like it's going to take some time for digital audio to take hold in consumers' homes.

Part of the problem is the price of the product. But prices are already falling dramatically and could very well hit the $300 mark in stores this year.

Another knotty point is consumer education. Believe it or not, there are a lot of folks out there who don't know what a CD player is.

A mere 1.9 percent of the shoppers polled already own a compact disc player. While the remaining 98.1 percent are still missing out on the merits of digital audio, some 2.4 percent of them do plan to purchase a CD player within the next 12 months.

The majority of the shoppers polled, 39.6 percent, are willing to spend $200 to $599 on a unit. Another 27 percent said they would be willing to pay $600 to $999, while 16.7 percent stated they would fork out $1,000 or more.

Another 16.7 percent of those queried, however, said they would only part with under $200 for a CD player, a price point not yet hit.

What else is stopping consumers from purchasing this marvelous device? Perhaps software availability is a problem in some areas. Other people realize that going digital means that they should really upgrade their entire audio system in order to fully appreciate a compact disc player's capabilities.

Many people feel that the compact disc player will eventually obsolete the record player much like the 33-1/3 r.p.m. record did to the 78 r.p.m. But never fear because it looks like the LP will still have a strong place with consumers, at least for the time being.

For those consumers who already own CD players, today software is being pressed in a lot more than just classical titles. Now fans of Billy Idol, Michael Jackson and Cindy Lauper can enjoy their favorite tunes in flawless digital music. And stores that only sell compact disc software are even beginning to appear on the scene.

Prices are also starting to dip on software. By the end of the decade, many people are betting that compact discs may plunge to the price of LP's.

Some 200,000 CD players are expected to be shipped this year, up from 35,000 units in 1983, according to figures from the Electronic Industries Association (EIA).

What features are consumers looking for in their CD players? Many are seeking remote control models to provide the ultimate in convenience.

Many models can also be programmed to play a particular song again and again or to skip over songs that the user does not want to hear. But more consumers need to be educated about these product benefits.

Car CD players, which are expected to be shipped soon, will bring added attention to the CD market. When consumers discover that they can also play their compact discs in their cars, sales should really start spinning.

Digital audiotape players are also in the offing and should also help jazz up the audio market. If digital audio can't get the audio market out of the doldrums, then nothing can. ●

—Stephanie Flory
sr. assoc. ed. / video-audio

Compact Disc Players

Is there a compact disc player in your household?

	Percent of replies*
Yes	1.9%
No	98.1%

*860 replies

Do you expect to purchase a compact disc player in the next 12 months?

	Percent of replies*
Yes	2.4%
No	97.6%

*860 replies

How much would you be willing to pay for a compact disc player?

	Percent of replies*
Under $200	16.7%
$200 to $599	39.6%
$600 to $999	27.0%
$1,000 or more	16.7%
Average: $530.73	

*48 replies

Many consumers are in the market for stereo

While it's no big news that the majority of consumers already own a stereo, it is significant to note that many people are now upgrading to higher quality systems.

Some 82.3 percent of those shoppers polled now own a hifi system and 11.2 percent plan to buy one in the next 12 months. If this occurs, it will create a 4.1 percent change in ownership.

Note, however, that 67 of the respondents (7.8 percent) already own a hifi system but plan to buy a new one. Perhaps these shoppers are already eyeing compact disc players and realize that they will need to upgrade their systems to completely enjoy digital music.

The majority of those who plan to purchase a new system, 82.1 percent, will buy components. Another 16.8 percent will opt for a compact system. Console systems will be purchased by 10.5 percent of the consumers (if they can find one).

The majority of the consumers polled, 33.6 percent, are willing to pay $300 to $599 for a system. Another 20.5 percent of the respondents are willing to shell out $600 to $999 while a significant 15.8 percent are willing to part with a whopping $1,000 to $1,999.

Over a third of the consumers, 42.2 percent, who plan to buy a new hifi system said they will shop in a hifi specialty store. Some 14.5 percent will scan the shelves of a Sears- or Penney's-type outlet for stereo systems while 13.9 percent will be looking for a bargain in a discount store. Catalog showrooms were cited as the desired place to buy a stereo by 4.6 percent of the shoppers. ●

—Stephanie Flory
sr. assoc. ed. / video-audio

High Fidelity Systems

Expected change (%) in hifi ownership in the next 12 months

	Percent of replies*
Now own	82.3%
Will buy in next 12 months	11.2%
Will own in next 12 months	85.7%
	**
Expected percent change in ownership: +4.1%	

*860 replies
**Sixty-seven respondents (7.8%) now own and plan to buy in next 12 months

If you expect to purchase a hifi system in the next 12 months, what type will it be?

	Percent of replies*
Component	82.1%
Compact	16.8%
Console	10.5%
	**

*95 replies
**Does not add to 100% because of multiple replies

How much would you be willing to pay for your hifi system?

	Percent of replies*
Under $200	8.2%
$200 to $299	15.1%
$300 to $599	33.6%
$600 to $999	20.5%
$1,000 to $1,999	15.8%
$2,000 or more	6.8%
Average: $678.22	

*146 replies

If you do not expect to purchase a hifi system in the next 12 months, why not?

	Percent of replies*
Already own one	84.6%
Not interested	10.7%
Too expensive	5.1%
Other reasons	2.5%
	**

*693 replies
**Does not add to 100% because of multiple replies.

Where did you / would you purchase your hifi system?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(679)	(718)
Hifi specialty store	36.1%	42.2%
Department store	18.1%	11.8%
Sears, Penney's type store	14.9%	14.5%
Appliance/TV store	12.4%	9.3%
Discount store	9.6%	13.9%
Catalog showroom	5.7%	4.6%
Other outlets	8.7%	3.1%
	*	*

*Does not add to 100% because of multiple replies.

Most shoppers now own a car stereo system

Some 60.1 percent of the consumers polled now own a car stereo while 7.8 percent plan to buy a system within the next 12 months. If they keep true to their word, this will produce a six percent change in ownership.

In addition, 36 respondents now own and plan to buy a new system within the next 12 months, perhaps buying a new car, or just seeking an improved system.

But the majority of those polled, 26 percent, are only willing to pay $100 to $149 for a car stereo system. For that amount of money, it would be difficult to obtain quality sound.

Only 10.3 percent are willing to shell out $400 or more. And 13.4 percent are willing to pay $250 to $399 for an autosound system.

Of those consumers who plan to buy, the majority, 32.8 percent, will shop in a car stereo specialty store where they can obtain service as well as installation.

But another 21.7 percent said that they would buy the car stereo with the car, taking the easy way out.

Although the car stereo aftermarket is on the upswing, many consumers are still purchasing their systems with their cars. And with car manufacturers now custom-designing systems to fit the acoustics of individual car models, the aftermarket is further threatened. General Motors is already riding high with its Delco/Bose system.

However, the advent of compact disc players for automobiles should bring new life to the autosound market. Although prices on these models are expected to be rather steep, there are always people who are willing to shell out the bucks in the beginning, and prices will no doubt fall swiftly. ●

—Stephanie Flory
sr. assoc. ed. / video-audio

Car Stereo

Expected change (%) in car stereo ownership in the next 12 months

	Percent of replies*
Now own	60.1%
Will buy in next 12 months	7.8%
Will own in next 12 months	63.7%
	**
Expected percent change in ownership: +6.0%	

*860 replies
**Thirty-six respondents (4.2%) now own and plan to buy in next 12 months

How much would you be willing to pay for a car stereo?

	Percent of replies*
Under $50	3.9%
$50 to $99	22.8%
$100 to $149	26.0%
$150 to $249	23.6%
$250 to $399	13.4%
$400 or more	10.3%
Average: $174.50	

*127 replies

Where did you / would you purchase your car stereo?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(504)	(664)
Already in car	65.5%	21.7%
Car stereo specialist	16.5%	32.8%
Hifi specialty store	7.7%	13.1%
Discount store	5.0%	12.0%
Sears, Penney's type store	4.2%	9.6%
Catalog showroom	1.8%	4.2%
Department store	1.2%	4.5%
Appliance/TV store	0.8%	3.3%
Other sources	3.0%	2.1%
	*	*

*Does not add to 100% because of multiple replies.

Over a third of shoppers now own a personal portable stereo

It's hard to think of a product that has captured the hearts of consumers as quickly as the personal portable stereo. Everyone, from the jogger to the commuter, has plugged in his headphones.

Over a third, or 39.8 percent of the consumers queried, now own a personal portable. This represents quite a chunk of consumers, especially since the product hasn't been on the market for all that long.

An additional 8.1 percent of those polled plan to purchase a personal portable stereo within the next 12 months. If they stick to their plans, this would produce a 12.9 percent jump in ownership.

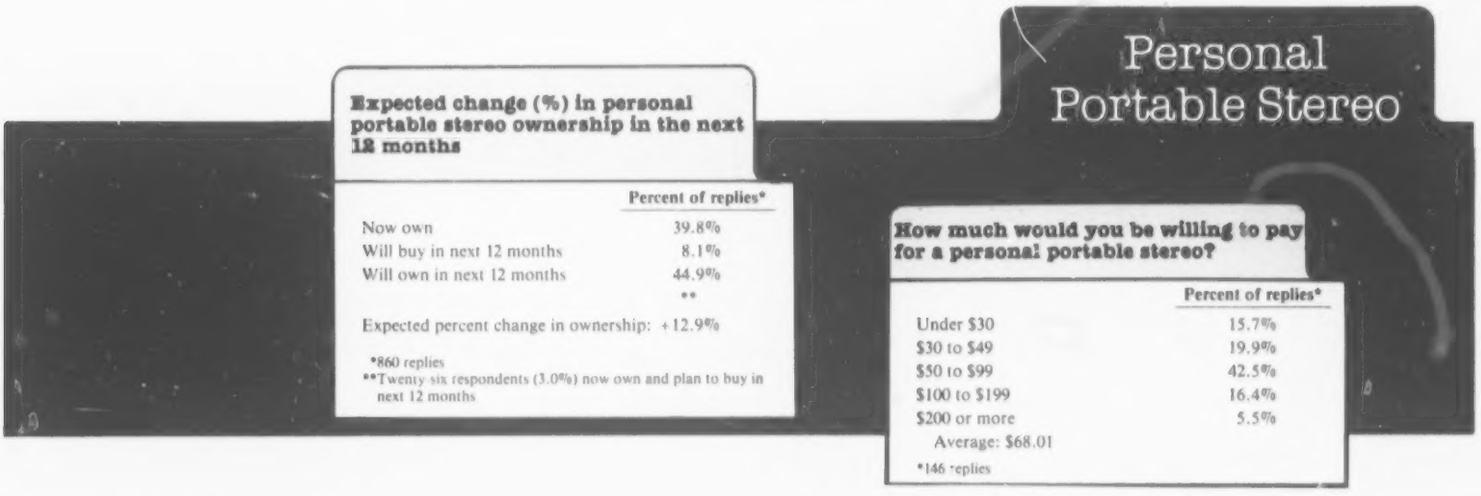
And 26 respondents already own a personal portable stereo and plan to buy another within the next 12 months. Evidently, these people are upgrading in one way or another—either buying a model with added features, such as metal tape capability and auto-reverse, or are seeking out the newer smaller models which are barely bigger than a cassette.

How much are these consumers willing to pay for their personal portable stereos? Almost half, or 42.5 percent of the shoppers, are willing to spend $50 to $99. Some 19.9 percent would buy a personal portable for $30 to $49 while 16.4 percent are willing to put up $100 to $199 for a deluxe model with added features. Another 5.5 percent of those polled said they would be willing to cough up $200 or more.

But the average price that consumers would be willing to pay is $68.01.

What's in store for the category? Sales are slowing down a bit at retail, leading manufacturers to come out with variations of the product. Look for lots of innovation.

—**Stephanie Flory**
sr. assoc. ed. / video-audio



Expected change (%) in personal portable stereo ownership in the next 12 months

	Percent of replies*
Now own	39.8%
Will buy in next 12 months	8.1%
Will own in next 12 months	44.9%
	**
Expected percent change in ownership:	+12.9%

*860 replies
**Twenty six respondents (3.0%) now own and plan to buy in next 12 months

How much would you be willing to pay for a personal portable stereo?

	Percent of replies*
Under $30	15.7%
$30 to $49	19.9%
$50 to $99	42.5%
$100 to $199	16.4%
$200 or more	5.5%
Average: $68.01	

*146 replies

Computer ownership leaps as consumers enter mid-range market

(Charts on following page)

The computer boom will continue in 1984, as more Americans decide to buy machines to help them do a variety of household tasks.

This statement is based on 1,733 consumers polled by *Merchandising*. The findings reveal some interesting buying habits, and give some hints at where the fascinating computer hardware market will be headed in the next few years.

Of the 1,733 replies, 15.3 percent of those respondents said they currently own a computer and an additional 13.4 percent said they plan to buy one in the next 12 months. This means a substantial 28.2 percent will probably own a computer in the next 12 months. These figures account for an expected leap in computer ownership of 84.5 percent.

This jump comes on the heals of an even more impressive 129.7 percent increase detailed in last year's Consumer Survey. So it seems clear that the awaited boom in computer ownership is beginning to occur.

The more calm atmosphere enveloping the hardware industry is apparently having an effect on consumer sales patterns. Seemingly gone are the days when low-end computer manufacturers would rock the market with poor pricing structures and ill-timed product introductions. This year, suppliers seem to be concentrating more on sticking with computer units that they confidently predict consumers will buy.

One new technological innovation consumers won't be able to buy, at least for awhile, is the Japanese MSX machines. They were expected to make their U.S. debut sometime this fall, in time for the Christmas season, but they apparently won't be seen in American stores yet. The MSX absence is another feather in the domestic suppliers' cap because the calm that so many of them have sought will stay around at least a little while longer.

Consumers this year can look forward to being in the catbird seat, as the major computer manufacturers have unveiled significant products aimed at the home user.

Commodore introduced two new machines; the Plus/4, which is a slightly altered version of the 264 model shown earlier this year, and the Commodore 16, which will replace the VIC 20. Coleco has given its Adam home computer another try, only this unit has more power and costs more money. Industry darling Apple Computer has given the world the Apple IIc, the firm's 7½-lb. 128K portable computer; while Atari said it is planning to introduce a new 64K unit which will sport a built-in modem and voice synthesis.

Even IBM's recent announcement that it was cutting the price of the company's PC line 18 to 23 percent will give consumers reason to celebrate. All in all, it adds up to more computer for the consumer's dollar.

And those surveyed indicated that they would be willing to spend an average of $1,331.08 for a home computer. Out of 398 replies, only 9.3 percent said they would spend under $250 for a unit; 9.0 percent said they would be willing to shell out $250 to $399 for a machine. More importantly, 22.9 percent of those polled said they would spend from $400 to $799 for a computer and another 22.4 percent said they would pay $800 to $1,499 for one.

That means almost half of those people questioned, or 41.2 percent, would be willing to spend up to $800 for a computer. When analyzing the remainder of the replies, one finds that 58.8 percent of the respondents are willing to pay $1,499 for a computer.

These statistics would seem to indicate that the hardware market is on its way to a more stable and profitable future. People are apparently now convinced that they indeed get what they pay for. No doubt at least some of those people polled for this survey had bought a low-end computer as an introduction into the world of computing and found that a $300 machine has definite limitations. After seeing that they like computing and have witnessed the useful tasks that a computer can do for them, these consumers are willing to trade up to a higher-ticket unit.

Industry experts agree with this assessment, saying that the low end of the business is saturated and the sales growth in the hardware category will come from the mid-range computers.

And this is exactly where the manufacturers are struggling to place themselves. Coleco's "new" Adam is there. At $750, the unit is aimed at consumers who want to try their hand at operating household management, entertainment and learning software.

Apple's IIc and IBM's PCjr also fit into this price area. The IIc is retailing for about $1,295 which includes a six-course tutorial introducing the user to the system. The PCjr with a built-in disk drive is now retailing for just under $1,000, at $999.

As for why people are buying these computers, by far the largest reason given was for word processing, with 25.4 percent of the 1,152 people questioned saying that they use a computer primarily for writing, editing and printing text.

The next most widely used task, according to those shoppers surveyed, was education, with 19.3 percent of the total. Working at home was third with 16.9 percent; home management fourth, at 16.5 percent, and playing games was fifth, with 7.5 percent of the total. The remaining tasks, among them accessing information, banking at home, communicating with other computer users and shopping at home, only accounted for 14.4 percent of the principal tasks for which those surveyed would use a computer.

Survey results seem to say that people are beginning to use their computers for more complex tasks than game playing, indicating that future machine sales should remain strong. Many consumers are now beginning to see the merits in a computer that is priced near the $1,000 mark, rather than wondering why anyone would spend such money.

When people shop for a machine, the most important feature by far, according to the survey, is its user friendliness. Almost half, or 48.7 percent of 1,149 shoppers polled said ease of use was the most important personal computer feature. Price was a distant second with a 16.9 percent figure, with expandability (9.7 percent) and availability of software (7.9 percent) ranking third and fourth, respectively.

Manufacturers are now more aware that many Americans are simply afraid of a computer. Therefore, firms such as Apple and Atari (which has anointed Alan Alda as its chief advertising spokesman) have taken pains to point out how easy it is to use their model. Previously, many suppliers seemed to take for granted that people would buy a unit just because they wanted to join the computer generation. As a result, sales suffered.

In the advertising area, consumers were treated to seeing Alda and perhaps the most talked-about commercial so far this year, the "1984" spot promoting Apple's Macintosh computer.

But overall, those who notice computer advertising and those who don't was split almost down the middle. Out of 1,733 replies 52.7 percent of those queried said they do read computer advertising while the remaining 47.3 percent said they do not.

—**Frank Cavaliere**
assoc. ed. / computers & personal electronics

Personal Computers

Expected change (%) in personal computer ownership in the next 12 months

	Percent of replies*
Now own	15.3%
Will buy in next 12 months	13.4%
Will own in next 12 months	28.2%
	**

Expected percent change in ownership: +84.5%

*1,733 replies
**Eight respondents (0.5%) now own and plan to buy in next 12 months

How much would you be willing to pay for a personal computer?

	Percent of replies*
Under $250	9.3%
$250 to $399	9.0%
$400 to $799	22.9%
$800 to $1,499	22.4%
$1,500 to $2,499	18.6%
Over $2,500	17.8%

Average: $1,331.08

*398 replies

If you don't own a personal computer and don't plan to purchase one in the next 12 months, why not?

	Percent of replies*
No need	71.1%
Too expensive	27.3%
Other reasons	9.0%
	**

*1,229 replies
**Does not add to 100% because of multiple replies.

What would you want from a store where you buy a computer?

	Percent of replies*
Low price	30.7%
Knowledgeable sales help	19.9%
Service	16.2%
Wide selection	16.2%
Training	14.5%
Installation	1.9%
Other	0.6%

*1,185 replies

Do you notice computer advertising?

	Percent of replies*
Yes	52.7%
No	47.3%

*1,733 replies

If you do notice computer advertising, what do you look for?

	Percent of replies*		
	Main factor	Second factor	Third factor
Description of what computer can do	52.7%	28.0%	8.5%
Price	29.8%	21.2%	22.2%
Technical specifications	9.4%	14.4%	19.1%
List of available software programs	8.1%	26.1%	30.9%
Not indicated	—	10.3%	19.3%

*825 replies

In which kind of store would you feel most comfortable buying a computer?

	Percent of replies*
Computer specialty store	63.5%
Store where you bought other electronics products	36.5%

*1,243 replies

How important to you are the following computer uses?

	Percent of replies*
Word processing	25.4%
Education	19.3%
Working at home	16.9%
Home management	16.5%
Playing games	7.5%
Accessing information	6.7%
Banking at home	4.4%
Communicating with other computer users	1.6%
Shopping at home	1.4%
Other uses	0.3%

*1,152 replies

Which personal computer features are most important to you?

	Percent of replies*
Easy to use	48.7%
Price	16.9%
Expandability	9.7%
Availability of software	7.9%
Power	5.5%
Compatibility with other computers	4.5%
Portability	2.4%
Well-known brand name	2.4%
Good word-of-mouth reputation	2.0%

*1,149 replies

Calculators continue to improve more consumers' lives

Calculators make a variety of tasks easier and that's probably why people continue to buy them at such a healthy pace. When *Merchandising* polled 860 people in this year's Consumer Survey, it revealed that 77.6 percent of those asked said they now own a calculator, more than likely a mini-card handheld model.

Almost 13 percent (12.9 percent) said they plan to buy one in the next 12 months. So in the next 12 months 84.1 percent of those polled said they see themselves owning a calculator. The figures reveal an 8.4 percent boost in the rate of saturation from 1983 to 1984.

Interestingly, the survey also said that 55 respondents who now own a model plan to make another purchase within a year.

As prices have dropped, many consumers find it convenient to have several models: perhaps a desk-top unit in the den and a solar-powered unit in a wallet or purse. As a result of this thinking, sales of all types of calculators are on the rise.

The survey then asked consumers which type of electronic calculator they own or plan to buy. In the already-owned category, 57.9 percent of 662 shoppers said they own a mini-card calculator. Programmable models were second with 13.9 percent of the total, scientific units were third with 12.5 percent and printer models were owned by the least amount of people, or 6.8 percent of the responding pool.

In the desk-top category, 22.1 percent of those questioned said they own a printer and display model, while 19.0 percent said they have a display only desk-top model and only 3.6 percent said they possess a printer-only unit.

For those 111 respondents who still are not calculator owners, 41.4 percent of them said they would probably buy a mini-card calculator before any other model. Programmable models came in second in this category also, with 16.2 percent of the total. Curiously, printer calculators finished ahead of scientific models here, a reversal from those who already own some type of model. Printer models accounted for 11.7 percent of the total while the scientifics only had a prospective ownership figure of 4.5 percent.

In the desk-top area for non-owners, 25.2 percent said they would buy a unit with both print and display features. Only 5.4 percent said they would buy a display-only model and 1.8 percent said they would purchase a printer-only unit.

When these people do decide to make a purchase they're willing to spend money to get what they want. Based on 154 replies, the average potential purchase price for any type of calculator is $55.38.

At the low end, 25.3 percent of those polled said they are willing to pay under $20 for a unit. In the $20 to $49 range the figure is higher: 33.8 percent. In the $50 to $99 category 22.7 percent said they would buy a model, while money is apparently no object to 12.3 percent of those queried, who said they would spend anywhere from $100 to $199 for a calculator. At the high end, 5.9 percent said they would spend $200 or more for a unit.

In summation, while calculators have now been around for a few years, they continue to be strong sellers because they make people's lives easier. They are now viewed upon as a necessity, much like the blenders, stereo systems and blow dryers of previous years and possibly the home computers of tomorrow. ●

—Frank Cavaliere
assoc. ed. / computers & personal electronics

Calculators

Expected change (%) in electronic calculator ownership in the next 12 months

	Percent of replies*
Now own	77.6%
Will buy in next 12 months	12.9%
Will own in next 12 months	84.1%
	**

Expected percent change in ownership: +8.4%

*860 replies
**Fifty-five respondents (6.4%) now own and plan to buy in next 12 months

Which type of electronic calculator do you own? Which type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(662)	(111)
Hand-held		
Mini-card	57.9%	41.4%
Programmable	13.9%	16.2%
Scientific	12.5%	4.5%
Printer	6.8%	11.7%
Desk-top		
Printer and display	22.1%	25.2%
Display only	19.0%	5.4%
Printer only	3.6%	1.8%
	*	*

*Does not add to 100% because of multiple replies.

How much would you be willing to pay for an electronic calculator?

	Percent of replies*
Under $20	25.3%
$20 to $49	33.8%
$50 to $99	22.7%
$100 to $199	12.3%
$200 or more	5.9%
Average: $55.38	

*154 replies

Shoppers would spend average of $98.72 for a quartz watch

The price of time does not come cheaply. At least not to the 860 shoppers polled by *Merchandising* in this year's Consumer Survey.

When asked how much they would be willing to pay for a quartz watch, 144 replies arrived at an average price of $98.72. This relatively high ticket is a reflection of consumers' increasing emphasis on quality rather than buying strictly on price.

If this supposition holds true, it will be good news for domestic manufacturers who have been threatened by an influx of inexpensive watches from the Far East. This occurrence has forced many U.S. firms to change the way they conduct business. What is happening is that suppliers are lowering their price points in an effort to combat the foreign watch explosion. They are also increasing their advertising and adding features to the timepieces. As a result, the watches often have the look of a higher-priced model but not the price tag.

Careful consumers are benefitting from this struggle to maintain market share in the industry. Despite the many low-end models now available, most shoppers questioned said they would shy away from buying a truly inexpensive quartz watch. Only 21.5 percent of those asked said they would purchase a watch for under $30. The largest percentage group fell into the $30 to $74 range with 38.2 percent of the response. Another 21.5 percent of those asked said they would buy a model that retailed between $75 and $149; 13.9 percent said $150 to $299, and the remaining 4.9 percent were willing to pay $300 and over.

Naturally, many shoppers polled already have quartz watches. Out of 860 people asked, 55.8 percent of them currently own a quartz model, and another 9.0 percent said they plan to buy one in the next 12 months. The percentage of people questioned who will own a quartz watch in the next 12 months will be 60.2 percent. If they do, this will generate a 7.9 percent ownership increase.

There was also a measurable trade-up trend seen in the results, as 39 respondents, or 4.5 percent of those polled, said they now own a quartz model and plan to buy another one in the next 12 months. ●

—Frank Cavaliere
assoc. ed. / computers & personal electronics

Quartz Watches

Expected change (%) in quartz watch ownership in the next 12 months

	Percent of replies*
Now own	55.8%
Will buy in next 12 months	9.0%
Will own in next 12 months	60.2%
	**

Expected percent change in ownership: +7.9%

*860 replies
**Thirty-nine respondents (4.5%) now own and plan to buy in next 12 months

Which type of quartz watch do you own? Which type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(460)	(80)
Analog	60.2%	48.7%
Digital	39.8%	51.3%

How much would you be willing to pay for a quartz watch?

	Percent of replies*
Under $30	21.5%
$30 to $74	38.2%
$75 to $149	21.5%
$150 to $299	13.9%
$300 or more	4.9%
Average: $98.72	

*144 replies

TV stands still dominate electronics furniture market

Despite the strong emergence of computer furniture in the electronics furniture market, stands and carts for TV's still dominate the sector by a wide margin in terms of pieces consumers own.

Of the more than 1,000 consumers polled in a recent *Merchandising* survey, 10.1 percent said they already own furniture for a computer. And of consumers who said they plan to buy furniture within the next 12 months, 20.9 percent listed computer furniture as a likely purchase, compared to 14.7 percent for TV stands. Furniture for videogames is by far the least popular in the category, with only 6.8 percent admitting they own any, and 6.2 percent saying they plan to buy.

Strangely, while TV stands dominated the market in terms of pieces currently owned, stereo furniture ranked higher when consumers listed planned purchases. Of the 339 consumers who said they plan to buy furniture within the next year, 22.1 percent said they would buy stereo furniture while 14.7 percent listed TV stands. ●

—Mark Harrington
assistant editor

Electronics Furniture

Do you expect to purchase a special cart or table to hold the electronics items that you own in the next 12 months?

	Percent of replies	
	Planning to buy any	Total sample
(Number of replies)	(339)	(1,733)
Stereo	22.1%	4.3%
TV and other video equipment	22.1%	4.3%
Microwave oven	21.2%	4.2%
Computer	20.9%	4.1%
TV only	14.7%	2.9%
Videogame	6.2%	1.2%
	*	*

*Does not add to 100% because of multiple replies.

Where do you expect to purchase your electronics furniture?

	Percent of replies*
Store where purchased electronics	66.7%
Discount store	8.7%
Furniture store	5.1%
Department store	4.5%
Catalog store	2.4%
Catalog showroom	1.5%
"Make my own"	1.4%
Computer store	1.3%
Best price	0.9%
Garage/yard sale	0.3%
Specialty store	0.2%
Other	7.1%

*913 replies

Do you own a special cart or table to hold the electronics items that you own?

	Percent of replies*
TV only	48.2%
Stereo	39.6%
TV and other video equipment	20.4%
Microwave oven	20.4%
Computer	10.1%
Videogame	6.8%
	**

*1,089 replies
**Does not add to 100% because of multiple replies.

More than half of consumers polled own at least one phone

More people own at least one telephone in their homes than those who do not, according to *Merchandising*'s polling of 1,696 shoppers.

Of those people questioned, 55.8 percent of them said they now own at least one phone. The remaining 44.2 percent either lease one or more phones or do not have a unit in their dwelling. Apparently the advertising efforts of local phone companies created from the AT&T breakup has paid off to some extent. More and more consumers who have previously never even thought of buying a phone are beginning to think the unthinkable: owning rather than leasing.

While only 14.9 percent of shoppers said they own three or more units, 21.0 percent said they own two phones and 19.9 percent said they own a single phone. These statistics will no doubt have to be increased in the next 12 months because about one fourth, or 28.0 percent, of 1,733 people asked said they intend to buy at least one more phone within that period.

Why has the American consumer flocked to all different types of stores to buy phones in all shapes and sizes? A generation ago a single black rotary phone could be located on an end table in most homes, yet today a clock radio phone on the bedroom nightstand, a Princess phone for the daughter's room and a cordless model for the parents doing the yard work is becoming the norm rather than the exception. Well, it must be assumed that many folks are finding phones can be a convenient appliance rather than just a necessity. Also, much like the calculator, the phone is becoming easily accessible to the majority of pocketbooks.

On the manufacturing side, many suppliers have said in the past that 1984 would be a transitional year for them, meaning they don't expect to break the bank just yet, but are planning to increase production schedules and model introductions in the years ahead. The main reasons for 1984 being termed a transitional year is price changes, foreign competition and additional companies dropping in and out of the telephone market.

It used to be that a telephone purchase was viewed as a major expenditure, but the number of firms making units has caused prices to drop to the point where consumers can buy a phone and spend no more than $20 in some cases.

Of the 1,723 people asked to list the number of phones in their homes, only 0.7 percent said they didn't have a single unit. Most people questioned have one or two phones, accounting for 24.7 percent and 35.9 percent of the total, respectively. The remaining breakdown spiraled downward as the number of phones increased—23.3 percent of those queried said they have three phones; 9.3 percent said four was correct; 3.5 percent responded that they have five phones, and 2.6 percent of the shoppers said they possess six models.

When asked how much they would be willing to pay for a telephone, 16.3 percent of the 856 shoppers queried said they would spend under $20; 31.1 percent said they would buy a unit in the $20 to $39 range; 31.5 percent said a phone in the $40 to $69 range would suit them; 14.7 percent said they would buy a phone in the $70 to $99 range; 4.9 percent indicated $100 to $149 was about the right price to pay, and 1.5 percent of those surveyed said they were willing to spend $150 or more for the right unit.

Many telecommunications analysts have theorized that once people buy one phone and are satisfied with its performance, they're more willing to buy a more expensive model. Increased public awareness of how a particular phone feature can improve their lives has caused many vendors to be optimistic regarding sales prospects for the rest of the year. In addition, suppliers see great things in the basic tone phones because there's always a sizable portion of the public that won't buy anything that doesn't look exactly like what they rented all these years from AT&T.

This do-it-yourself trend that has seen more consumers buy phones has continued into the installation area. Almost half (46.7 percent) of the 1,560 polled said if they did buy a phone they would install it themselves. Here again, advertising plays a key role. Many telephone advertisements have emphasized what they termed the relative ease of DIY installation. Apparently much of the listening public has been convinced.

The rest of the survey reveals that 24.9 percent of those polled said that a member of the family would install the unit; 18.0 percent gave the task to the local phone company; 9.1 percent of those questioned said they expected the dealer that sold them the phone to do the work, and the remaining 1.3 percent said somebody else would do it.

When 1,451 people were asked what type of telephone they were interested in buying, almost half, or 47.4 percent, opted for old reliable: the standard unit. Nevertheless, a sizable portion of respondents (32.3 percent) were familiar enough with feature-laden models to prefer them. Decorator models accounted for 19.1 percent of the results, and 11.2 percent of those questioned said they would buy a one-piece phone.

By and large consumers would shop for these phones at phone-company-operated stores, discount, specialty or electronics retail outlets. These four types of stores accounted for most of the 1,532 elicited replies. Strangely, department stores were mentioned by 8.9 percent of the total. Perhaps large chains do not advertise enough, or perhaps people find their prices high. No doubt the retailing atmosphere, with all-too-prevalent competition, has something to do with the department stores' surprisingly poor showing.

In the cordless market, many consumers will be looking to buy models featuring the new frequencies. Of the 1,733 people surveyed for the question, 13.4 percent of them said they now own a cordless phone. More significantly, 8.0 percent of the shoppers polled said they planned to buy one in the next 12 months, causing an expected ownership increase of 59.2 percent. Overall, the survey said, 21.4 percent of the shoppers questioned said they would be a cordless phone owner in the next 12 months. ●

—Frank Cavaliere
assoc. ed./computers & personal electronics

Telephones

How many telephones are there in your household?

	Percent of replies*
6 or more	2.6%
5	3.5%
4	9.3%
3	23.3%
2	35.9%
1	24.7%
One or more	99.3%
None	0.7%

*1,723 replies

Of the telephones in your household, how many do you own?

	Percent of replies*
6 or more	1.2%
5	1.2%
4	3.3%
3	9.2%
2	21.0%
1	19.9%
One or more	55.8%
None	44.2%

*1,696 replies

Do you expect to purchase any telephones in the next 12 months?

	Percent of replies*
Yes	28.0%
No	72.0%

*1,733 replies

How much would you be willing to pay for a telephone?

	Percent of replies*
Under $20	16.3%
$20 to $39	31.1%
$40 to $69	31.5%
$70 to $99	14.7%
$100 to $149	4.9%
$150 or more	1.5%

*856 replies

If you were to buy your own phone, who would install it?

	Percent of replies*
Self	46.7%
Member of family	24.9%
Phone company	18.0%
Dealer that sold phone	9.1%
Other	1.3%

*1,560 replies

If you were to buy your own phone, who would you expect to service it?

	Percent of replies*
Phone company	42.3%
Dealer that sold phone	27.1%
Member of family	13.3%
Self	11.4%
Other	5.9%

*1,313 replies

Which type of phone would you be interested in purchasing?

	Percent of replies*
Standard	47.4%
Advanced electronic	32.3%
Decorator	19.1%
One-piece	11.2%
	**

*1,451 replies
**Does not add to 100% because of multiple replies.

In which type of store would you be most likely to purchase a phone?

	Percent of replies*
Store operated by phone company	33.7%
Discount store	22.4%
Specialty phone store	22.0%
Electronics specialty store	13.0%
Department store	8.9%
Catalog store	4.9%
Catalog showroom	4.8%
Appliance/TV store	1.3%
Other outlets	0.7%
	**

*1,532 replies
**Does not add to 100% because of multiple replies.

Which telephone features are most important to you?

	Percent of replies*
Storage of phone numbers	61.4%
Call on hold	51.6%
Automatic redial	49.2%
Automatic "hang-up"	43.9%
Switch from tone to pulse	17.0%
	**

*1,351 replies
**Does not add to 100% because of multiple replies.

Expected change (%) in cordless phone ownership in the next 12 months

	Percent of replies*
Now own	13.4%
Will buy in next 12 months	8.0%
Will own in next 12 months	21.4%
	**

Expected percent change in ownership: +59.2%

*1,733 replies
**One respondent (0.1%) now owns and plans to buy in next 12 months

How much would you be willing to pay for a cordless phone?

	Percent of replies*
Under $25	5.5%
$25 to $49	13.7%
$50 to $99	39.2%
$100 to $149	25.7%
$150 to $199	11.1%
$200 or more	4.8%
Average: $82.90	

*439 replies

Expected change (%) in answering machine ownership in the next 12 months

	Percent of replies*
Now own	20.8%
Will buy in next 12 months	6.0%
Will own in next 12 months	26.3%
	**

Expected percent change in ownership: +26.4%

*1,733 replies
**Nine respondents (0.5%) now own and plan to buy in next 12 months

If you own a cordless phone, how satisfied are you with its performance?

	Percent of replies*
Very satisfied	18.8%
Satisfied	53.1%
Dissatisfied	28.1%

*228 replies

How much would you be willing to pay for an answering machine?

	Percent of replies*
Under $50	7.8%
$50 to $99	27.1%
$100 to $149	32.2%
$150 to $199	15.5%
$200 or more	17.4%
Average: $117.65	

*373 replies

Replacement buying continues to boost majap sales

It bodes well for the major appliance industry that of the 873 consumers surveyed, 324 of them are planning to purchase at least one appliance this year.

Since consumers usually don't replace their appliances until it's absolutely necessary, evidently there are still a lot of units in American homes on their last legs. The continuation of this replacement cycle which boosted 1983 shipments to significant levels signals that 1984 will be another banner year.

But consumers are still concerned with value. More than half, 52.4 percent, of those planning to purchase a unit will shop at a Sears type store, which has built a reputation for value in the appliance industry. Appliance/TV stores will be shopped by 29 percent of the respondents and discount stores by 18 percent.

Department stores, most of which have abdicated the white goods business, will not be visited by most of these consumers. Only 8.5 percent said they would shop in these outlets.

It is this insistence by consumers on value that keeps electronic solid-state controls off of all but the high-end units in most suppliers' lines. Manufacturers admit that in many cases the controls fail to provide an acceptable cost/benefit ratio.

So it's no surprise that when queried about interest in purchasing a major appliance with solid-state controls, 46.6 percent of the survey's respondents replied with a firm "not interested."

What seemed to interest consumers more is the availability of new colorations. Without a doubt, the big news in the major appliance industry at the beginning of this year was the debut of toast and platinum by Whirlpool and sand and silver by General Electric, shades of brown and gray which, unfortunately, are incompatible.

Initially, it looked like a major war would erupt between the two appliance superpowers, but the dust has apparently settled. Said one industry spokesman, "The new colorations will probably account for about five percent of a market still dominated by almond and white. The volume is not large enough to be of major concern."

So while the colors are available, there is little fanfare occurring on many retail floors and a great many consumers are just not even aware that the options exist. But when the consumers surveyed were presented with the idea of new colors, reactions were more favorable than not. ●

—Nancy Markov
managing editor / major appliances

Major Appliances

Which major appliance(s) do you expect to purchase in the next 12 months?

	Percent of replies	
	Planning to buy any	Total sample
(Number of replies)	(324)	(873)
Clothes dryer	28.1%	10.4%
Washer	26.9%	10.0%
Dishwasher	23.1%	8.6%
Refrigerator	18.2%	6.8%
Freezer	13.9%	5.2%
Range	12.7%	4.7%
Trash compactor	11.1%	4.1%
Garbage disposal	9.9%	3.7%

Where will you buy the major appliance(s) you expect to purchase in the next 12 months?

	Percent of replies*
Sears, Penney's type store	52.4%
Appliance/TV store	29.0%
Discount store	18.0%
Department store	8.5%
Catalog showroom	2.8%
Other outlets	2.2%
	**

*317 replies
**Does not add to 100% because of multiple replies.

How interested are you in purchasing a major appliance with electronic solid-state controls?

	Percent of replies*
Very interested	11.2%
Interested	42.2%
Not interested	46.6%

*856 replies

Would you consider buying just one appliance in a new color?

	Percent of replies*
Yes	38.8%
No	61.2%

*873 replies

Do you like the new colors introduced this year for major appliances?

	Percent of replies	
	Gray	Medium brown
(Number of replies)	(826)	(824)
Very much	18.4%	22.0%
Not bad	42.3%	46.3%
Don't like	39.3%	31.7%

Awareness of EER gains strength in room air

In the room air conditioner market, consumer awareness of energy-efficiency ratios (EER's) continues to grow. Of the 873 consumers polled by *Merchandising*, more than half, 51.1 percent, said they are familiar with the term.

And of those 282 respondents who own a room air unit, 31.2 percent reported that the EER was a consideration in their most recent purchase. But some of those who failed to consider EER at point-of-sale now regret their decision.

Said one consumer, "I bought the cheapest air conditioner I could find at the time, and I'm sure sorry now. The unit has a low EER and it costs me a fortune in electricity to run it. Next time, I'll be more discriminating and more concerned about long-term costs."

Fully 59 percent of those polled reported that EER will be a consideration in their next room air purchase.

Unfortunately, it still takes some pretty tough weather conditions to convince many consumers to purchase a room air unit at all. Only 32.3 percent of the respondents said they now own one; 7.8 percent said they plan to purchase one in the next 12 months.

But the year is off to a good start. Through the first five months of 1984, air conditioner shipments were up 82.9 percent, according to industry figures. Also portending a banner year is the heat wave that blanketed the Northeast in mid-June, creating sellout conditions for many retail operations. ●

—Nancy Markov
managing editor / major appliances

Room Air Conditioners

Are you familiar with the term "EER"?

	Percent of replies*
Yes	51.1%
No	48.9%

*873 replies

How many room air conditioners are there in your household?**

	Percent of replies*
5 or more	0.1%
4	1.7%
3	4.6%
2	8.0%
1	17.9%
One or more	32.3%
None	67.7%

*873 replies
**Excludes air conditioning provided by apartment house management/owners

If you own a room air conditioner, was EER a consideration in your most recent purchase?

	Percent of replies*
Yes	31.2%
No	68.8%

*282 replies

Will EER be a consideration in your next room air conditioner purchase?

	Percent of replies*
Yes	59.0%
No	41.0%

*673 replies

Do you expect to purchase a room air conditioner in the next 12 months?

	Percent of replies*
Yes	7.8%
No	92.2%

*873 replies

42 percent of consumers own a microwave oven

Almost 42 percent of the 873 shoppers polled by *Merchandising* own a microwave oven. An additional 14.8 percent plan to purchase one in the next 12 months, boosting ownership among our survey respondents to 55.8 percent, considerably higher than the national saturation average of 33 percent.

But it comes as no surprise. The microwave oven is the industry's number one appliance, leading the pack in 1983 with shipments of around six million units. And the trend shows no signs of slowing. Suppliers project that 1984 will be a 7.5-million-unit year. Some optimistic projections range as high as 8.4 million units.

What has contributed significantly to the continued growth of the category is the fact that more than one market segment is being addressed. The countertop oven still accounts for the lion's share of the business, but even within this single breakdown, wide spreads in price points and cavity sizes have been created to appeal to the varied needs and lifestyles of different customers.

Compact ovens (defined as 0.8 cu. ft. and under by some industry spokesmen), really blew the market wide open in 1983. The smaller sizes were directed to consumers in one- and two-person households who had elected to bypass the large, full-size units on the market because of tight living quarters.

More important, however, was the lower price tag of under $200. This was the entry that the mass merchants needed to move microwaves in tonnage. And they did. Consumers now walk out of discount operations with microwaves as nonchalantly as they do with coffee makers, hair dryers and toasters. And as "down and dirty" pricing strategies pushed some retails as low as $99, even supermarkets have gotten into the act.

The attraction of compacts hasn't slowed this year. In fact, manufacturers are expanding their offerings, particularly with electronic touch models for the trade-up customer who still wants a small-cavity unit.

While the compact market provides trade-up opportunities, the lower-end of the full-size market has become increasingly more competitive.

Prices have dropped considerably in full-size units over the past couple of years. It was interesting that the consumers surveyed by *Merchandising* said they would pay an average $356.87 for an oven when electronic touch models can now be had for as low as $249 in some markets.

Most first-time purchasers are electing to bypass the bells and whistles available on the high-end models, opting for the features that they know they will use. For while excellent meals can be prepared with microwave technology, the majority of consumers still say they use their ovens for defrosting and reheating. The 349 oven owners polled, for example, reported that they use their oven for reheating 41.7 percent of the time, for defrosting 23.9 percent.

The bulk of the full-size business this year and going into 1985 should again be concentrated in the basic and moderately featured touch models retailing between $250 and $350. Suppliers continue to price their lines on an ongoing basis to remain competitive in their venture to capture greater market share.

Where compact ovens were without a doubt the largest growth producer for microwaves last year, some say that the mid-size segment (categorized by many as ranging from 0.8 cu. ft. to 1.0 cu. ft.) will show significant activity this year.

Some suppliers contend that consumers may enter the store shopping for a compact, but many will be traded up to a mid-size unit because of the larger capacity and greater number of features.

Consumers are now realizing, they say, that the mid-size oven can cook almost everything a full-size unit can and save them space in the kitchen. "It's the best of both worlds," said one manufacturer.

Backing up their statements about mid-size potential is product. Samsung, for example, has debuted three 0.9-cu.-ft. models in its new line; features match those offered on the firm's full-size models. Quasar has expanded its Lifestyle series from two to five models and increased cavity size from .85 cu. ft. to 1.0 cu. ft. while reducing the exterior dimensions of the ovens.

Another new segment could turn out to be the undercabinet oven, a configuration which was debuted by two firms last month.

General Electric's unit which comes in three models falls in the mid-size category at 0.8 cu. ft. The undercabinet placement opens another door for the many consumers still hesitant to purchase a microwave oven.

No matter how small a compact oven is, it still takes up space on the countertop, noted one GE spokesman. Other than purchasing an over-the-range unit or building a microwave into the wall, there have been no real options for the consumer who is really restricted by space, he said.

Litton's entry, the Little Litton, also addresses the issue of saving countertop space, but with a subcompact 0.5-cu.-ft. unit and a retail price starting at an affordable $159 for the leader model. ●

—Nancy Markov
managing editor / major appliances

Microwave Ovens

Expected change (%) in microwave oven ownership in the next 12 months

	Percent of replies*
Now own	41.9%
Will buy in next 12 months	14.8%
Will own in next 12 months	55.8%
	**

Expected percent change in ownership: +33.1%

*873 replies
**Eight respondents (0.9%) now own and plan to buy in next 12 months

If you own a microwave oven, what portion (%) of the time do you use it for each of the following?*

	Percent of time
Reheating food	41.7%
Cooking regular meals	29.5%
Simple defrosting	23.9%
Other uses	4.9%

*349 replies

If you own a microwave oven, would you consider trading it in for one with additional features?

	Percent of replies*
Yes	37.8%
No	62.2%

*352 replies

Which type of microwave oven do you own? Which type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(365)	(127)
Countertop	72.3%	40.9%
Space-saver/over-the-range	9.9%	29.1%
Countertop with convection	7.4%	24.4%
Single cavity	6.0%	2.4%
Double oven	4.4%	5.5%
Total	100.0%	*

*Does not add to 100% because of multiple replies.

How much would you be willing to spend for a microwave oven?

	Percent of replies*
Under $200	6.4%
$200 to $299	20.7%
$300 to $399	34.1%
$400 to $499	19.9%
$500 to $599	13.1%
$600 or more	5.8%
Average: $356.87	

*302 replies

Where did you / would you buy your microwave oven?

	Percent of replies	
	Did buy	Plan to buy
(Number of replies)	(360)	(633)
Sears, Penney's type store	28.9%	31.6%
Appliance/TV store	26.1%	29.2%
Department store	8.3%	8.5%
Discount store	7.0%	12.7%
Microwave specialty store	5.8%	9.0%
Catalog showroom	4.2%	7.4%
Gift, premium, other sources	19.7%	1.6%

If you own a microwave oven, excluding simple reheating or defrosting, what portion (%) of your meals are prepared with your oven?

	Percent of replies*
Under 10%	3.1%
10% to 19%	8.3%
20% to 49%	34.8%
50% to 74%	31.6%
75% or more	22.2%

Average portion of meals: 47.2%

*351 replies

Which microwave oven features are most important to you?

	Percent of replies*
Automatic defrost	55.6%
Programmability	40.4%
Automatic cooking	39.5%
Turntable	37.6%
Temperature probe	33.8%
Touch pad controls	31.6%
Memory	31.6%
Delay start	26.5%
Other	2.9%
	**

*550 replies
**Does not add to 100% because of multiple replies.

Glass, stainless steel top consumer preferences

Consumers will select glass over any other type of cookware, *Merchandising's* survey revealed. Exactly 22 percent expect to purchase glass cookware, followed by 20.4 percent for stainless steel and 17.8 percent for stoneware. This comes as a bit of a surprise, considering the booming popularity of stainless steel in recent months, although the widespread acceptance of the microwave oven no doubt helps account for the popularity of glass. ●

—Michael Garry
assoc. ed. / housewares

Cookware

If you expect to purchase cookware in the next 12 months, where will you buy it?

	Percent of replies*
Discount store	28.6%
Department store	26.4%
Specialty housewares store	18.3%
Catalog showroom	14.5%
Sears, Penney's type store	14.3%
Other outlets	3.1%

*447 replies

Do you prefer to buy cookware in sets or open stock?

	Percent of replies*
Sets	50.9%
Open stock	49.4%

*793 replies

Which of the following types of cookware do you expect to purchase in the next 12 months?

	Percent of replies*
Glass	22.0%
Stainless steel	20.4%
Stoneware	17.8%
Ceramic	13.9%
Porcelain enamel on cast iron	11.7%
Aluminum	11.5%
Plastic	11.5%
Cast iron	9.0%
Enamel	4.7%
Copper	1.8%
Other	0.5%

*445 replies

More than 40 percent now own a food processor

More than 40 percent of the consumers interviewed by *Merchandising* said they own a food processor. And almost 11 percent indicated they would purchase one in the next 12 months, bringing the saturation level over the 50 percent mark. This would represent a 23.1 percent increase in the number of food processor owners among those surveyed.

As manufacturers continue to improve point-of-purchase selling techniques that explain the advantages of the product, its popularity should continue to rise. And it appears that once someone has one, he can't live without it. A small group of respondents (one percent) even plan to buy a second unit in the next 12 months.

What are consumers willing to pay for the appliance? The largest percentage (37.7 percent) said they would part with between $100 and $199, which is the price of most dependable, high-grade units. ●

—Michael Garry
assoc. ed. / housewares

Food Processors

Expected change (%) in food processor ownership in the next 12 months

	Percent of replies*
Now own	41.6%
Will buy in next 12 months	10.7%
Will own in next 12 months	51.2%
	**

Expected percent change in ownership: +23.1%

*873 replies
**Nine respondents (1.0%) now own and plan to buy in next 12 months

How much would you be willing to pay for a food processor?

	Percent of replies*
Under $50	12.3%
$50 to $99	32.6%
$100 to $199	37.7%
$200 or more	17.4%
Average: $113.39	

*236 replies

Consumers to purchase bathroom scales, hair dryers

Following the nation's preoccupation with fitness, the bathroom scale topped all personal care products among those consumers expecting to purchase any personal care products in the near future. Almost 27 percent of these respondents said they'd buy a scale, followed by 25.2 percent who plan to purchase a hair dryer.

An interesting development here is the emergence of the blood pressure monitor as a desired personal care product. Under seven percent of all consumers queried indicated they would buy one, but over 10 percent of respondents who were in the market for a personal care product said they would purchase the item. Market penetration of this category should be given a push by the entry of several new manufacturers and by fresh advertising support.

This year marked the introduction of cordless curling brushes and hair trimmers. When *Merchandising* asked consumers whether they would buy a cordless hair dryer —which could well be the next personal care product to go cordless—more than half said they would be interested or very interested in making such a purchase. ●

—Michael Garry
assoc. ed. / housewares

Personal Care Products

How interested would you be in purchasing a cordless hair dryer?

	Percent of replies*
Very interested	19.9%
Interested	32.3%
Not interested	47.8%

*860 replies

Which personal care products do you expect to purchase in the next 12 months?

	Percent of replies	
	Planning to buy any	Total sample
(Number of replies)	(548)	(873)
Bathroom scale	26.6%	16.7%
Blood pressure monitor	10.4%	6.5%
Curling brush	5.1%	3.2%
Curling iron	13.5%	8.5%
Shaver	16.8%	10.5%
Facial sauna	4.4%	2.7%
Foot massager/bath	7.7%	4.8%
Hair dryer	25.2%	15.8%
Hair setter	10.9%	6.9%
Heating pad	13.9%	8.7%
Make-up mirror	10.9%	6.9%
Massager, hand-held	5.3%	3.3%
Massager, shower	10.6%	6.6%
Water pulsator	4.7%	3.0%
Electric toothbrush	4.7%	3.0%

Coffee makers, electric woks lead electrics purchases

Among kitchen electrics, coffee is still king. A greater percentage of the surveyed consumers indicated plans to buy coffee makers (11.3 percent) than any other appliance. Second in the running is the electric wok. Over 10 percent of the consumers said they will buy a wok in the next 12 months.

These results were not surprising in light of retail sales reported by dealers in the past year. The popularity of the wok reflects a strong tendency to entertain at home, especially with foreign cuisines.

Other kitchen electrics which consumers interviewed plan to buy include, in order of popularity, blenders (9.6 percent), food slicers (9.3 percent), can openers (8.9 percent), irons (8.0 percent), toasters (6.8 percent), toaster ovens (6.8 percent), slow cookers (6.1 percent), corn poppers (5.7 percent) and coffee grinders (4.9 percent).

The hottest trend in kitchen electrics today is the space-saving appliance. At the April Housewares Show, a surprising number of manufacturers unveiled can openers, coffee makers and other appliances which can be mounted under a cabinet or on a wall to conserve kitchen counter space. What is the response of consumers to this avalanche of new products?

Considering how new to the market these items are, their impact has been impressive. More than one-quarter of the respondents said they own at least one space-saving appliance. And 16.4 percent indicated that they will purchase one in the next 12 months.

Among space-savers, can openers are so far the most popular. More than two-thirds of respondents who own this type of product have a can opener, while 43.4 percent of future purchasers plan to buy one. Coffee makers follow, with 39.1 percent of current owners possessing one and 35.7 percent of future purchasers planning to get one. The toaster oven is looming as a potentially important space-saver as more than one-quarter of those who plan to buy will choose this product.

Meanwhile, manufacturers have told *Merchandising* that they have a lot of faith in the sales potential of space-saving appliances. One predicted that 15 percent of all coffee makers and possibly 30 percent of all can openers sold will be of the space-saving variety this year. ●

—Michael Garry
assoc. ed. / housewares

Kitchen Electrics

Which kitchen electric product(s) do you expect to purchase in the next 12 months?

	Percent of replies	
	Planning to buy any	Total sample
(Number of replies)	(573)	(873)
Bag sealer	3.0%	1.9%
Blender	14.7%	9.6%
Broiler	2.1%	1.4%
Can opener	13.6%	8.9%
Coffee grinder	7.5%	4.9%
Coffee maker	17.3%	11.3%
Convection oven	3.7%	2.4%
Corn popper	8.7%	5.7%
Crepe pan	4.0%	2.6%
Deep fryer	8.2%	5.4%
Egg cooker	0.9%	0.6%
Fondue, electric	3.1%	2.1%
Food processor	7.3%	4.8%
Food slicer	14.1%	9.3%
Griddle/quick grill	2.8%	1.8%
Hotplate and buffet range	3.7%	2.4%
Ice cream maker	6.5%	4.2%
Ice crusher	1.7%	1.1%
Iron	12.2%	8.0%
Knife, electric slicing	6.6%	4.4%
Food mixer	5.4%	3.6%
Pasta maker, electric	5.8%	3.8%
Slow cooker	9.2%	6.1%
Tea kettle, electric	2.1%	1.4%
Toaster	10.3%	6.8%
Toaster-oven	10.3%	6.8%
Waffle iron/sandwich grill	6.5%	4.2%
Wok, electric	15.7%	10.3%

Are there any space-saving appliances in your household?

	Percent of replies*
Yes	26.3%
No	73.7%

*873 replies

Do you expect to purchase a space-saving appliance(s) in the next 12 months?

	Percent of replies*
Yes	16.4%
No	83.6%

*873 replies

Which type of space-saving appliance(s) do you own / plan to buy?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(230)	(143)
Can opener	68.7%	43.4%
Coffee maker	39.1%	35.7%
Electric knife	34.8%	11.9%
Toaster oven	—	25.2%
Other	7.8%	5.6%
	*	*

*Does not add to 100% because of multiple replies.

Ownership of air purifiers to increase by 41.2 percent

Ownership of air purifiers among consumers surveyed should jump 41.2 percent. While 18.9 percent said they own one, 8.4 percent noted that they plan to purchase a model in the next 12 months.

How much would they spend? Confirming the tendency to trade up in this area, a greater percentage of consumers said they would spend from $50 to $99 (27.1 percent) than would spend under $25 (22.6 percent). The discount store was cited as the favorite place to make future purchases. Among current owners, the department store was the preferred purchasing location. ●

—Michael Garry
assoc. ed. / housewares

Air Purifiers

Expected change (%) in portable air purifier ownership in the next 12 months

	Percent of replies*
Now own	18.9%
Will buy in next 12 months	8.4%
Will own in next 12 months	26.7%
	**
Expected percent change in ownership:	+41.2%

*873 replies
**Five respondents (0.6%) now own and plan to buy in next 12 months

How much would you be willing to pay for a portable air purifier?

	Percent of replies*
Under $25	22.6%
$25 to $49	38.7%
$50 to $99	27.1%
$100 or over	11.6%
Average: $47.50	

*181 replies

Where did you / would you purchase your portable air purifier?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(154)	(556)
Department store	20.1%	21.4%
Discount store	19.5%	34.2%
Drug store	18.2%	9.2%
Sears, Penney's type store	16.2%	20.5%
Catalog showroom	13.0%	13.3%
Other	13.0%	2.0%
Total	100.0%	*

*Does not add to 100% because of multiple replies.

If you don't own a portable air purifier and don't plan to purchase one in the next 12 months, why not?

	Percent of replies*
Not interested	52.1%
No smokers in household	29.1%
Not familiar with product	12.8%
Don't think they're effective	12.0%
Too expensive	3.3%
Other reasons	2.5%
	**

*601 replies
**Does not add to 100% because of multiple replies.

Consumers plan to increase ownership of ceiling fans

Fans continue to be a staple appliance in the U.S. Close to 70 percent of consumers interviewed by *Merchandising* own a fan, yet more than 20 percent are still in the market to buy one in the next 12 months.

And the ceiling fan reigns supreme in this category. Of those consumers who said they plan to buy a fan, a whopping 61 percent selected the ceiling fan; second in popularity is the oscillating fan, which 14.3 percent of the consumers expect to buy. Among those consumers who own a fan, the largest percentage (38.6 percent) said they own a ceiling fan, followed by 35.9 percent who have a box fan.

The ceiling fan's importance is also reflected in pricing. The largest single percentage of respondents (25 percent) indicated they would spend between $100 and $199 for one.

—Michael Garry
assoc. ed./housewares

Fans

How much would you be willing to pay for a fan?

	Percent of replies*
Under $30	17.0%
$30 to $49	24.4%
$50 to $99	21.7%
$100 to $199	25.0%
$200 or more	11.9%
Average: $88.19	

*336 replies

Is there a fan in your household?

	Percent of replies*
Yes	69.6%
No	30.4%

*873 replies

Do you expect to purchase a fan in the next 12 months?

	Percent of replies*
Yes	20.7%
No	79.3%

*873 replies

Which type of fan do you own? What type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(599)	(182)
Ceiling	38.6%	61.0%
Box	35.9%	11.5%
Oscillating	32.4%	14.3%
Window	20.4%	10.4%
Other	3.3%	2.8%
	*	*

*Does not add to 100% because of multiple replies.

Digital clock radios and travel clocks are hot timepieces

The digital clock radio remains a most popular product. Among consumers interviewed, nearly one quarter said they plan to buy one in the next 12 months, although 50.8 percent of the respondents already own a unit.

Reflecting the upsurge of interest in travel products, the digital travel clock was cited by 10.8 percent of the consumers as something they plan to buy; and 9.9 percent said they own one.

More than 40 percent of respondents noted that they own a digital alarm clock, and 8.4 percent expect to buy one in the next 12 months.

More consumers said they would buy analog than digital kitchen wall and decorative wall clocks. For the other timepieces—alarm, travel, clock radio and desk—respondents indicated a greater interest in purchasing digital models.

The same pattern was seen in clock ownership. The only exception was with travel clocks. Though more consumers said they own an analog model, (15.9 percent compared with 9.9 percent for digital), a greater percentage of consumers said they would purchase a digital model (10.8 percent versus 2.8 percent for analog).

Predictably, the survey pointed out that 98.3 percent of the consumers interviewed own at least one electric clock.

—Michael Garry
assoc. ed./housewares

Electric Clocks

Is there an electric clock in your household?

	Percent of replies*
Yes	98.3%
No	1.7%

*873 replies

Which types of electric clocks do you own? Which types do you expect to purchase in the next 12 months?

	Percent of replies	
	Own now	Will buy in next 12 months
(Number of replies)	(858)	(250)
Kitchen wall		
Digital	8.4%	2.8%
Analog	54.5%	18.8%
Decorative wall		
Digital	3.4%	6.8%
Analog	39.4%	14.8%
Alarm		
Digital	40.9%	8.4%
Analog	33.1%	4.8%
Travel		
Digital	9.9%	10.8%
Analog	15.9%	2.8%
Clock radio		
Digital	50.8%	24.4%
Analog	16.2%	6.8%
Desk		
Digital	14.1%	8.4%
Analog	12.7%	2.8%

Two-thirds of consumers in survey own outdoor grills

Just over two-thirds of consumers surveyed by *Merchandising* own outdoor grills. This confirms the product's integral place on the American scene, where just about every home owner at one time or another can be seen poking around on a gas or charcoal grill in his backyard.

Moreover, in the survey 14.7 percent of the consumers said they planned to purchase a grill in the next 12 months, indicating the market is far from stagnant. New features which have helped to create excitement include self-cleaning mechanisms, flip-up warming racks and propane tanks on wheels. In addition, cart-styled grills have been rolled out by many manufacturers.

Where are Americans purchasing their grills? Of those who own them already, the largest percentage (22.7 percent) said discount stores, followed closely by those who used a Sears or J.C. Penney's type of outlet (21.6 percent). Interestingly, among respondents who plan to buy a grill, a much larger percentage (34.8 percent) indicated an interest in purchasing the unit at a discount outlet. Department stores and catalog showrooms shared about the same percentage of consumers who bought or will buy grills.

The average price consumers in the survey were willing to pay for a grill was $92.52. The largest percentage (30 percent) of respondents said they would pay $50 to $99, but similar percentages said they'd go for under-$50 units (29.5 percent) or $100 to $199 models (28.3 percent). Only 12.2 percent indicated a preference for grills costing $200 or more.

The survey found that consumers' favorite grill is the charcoal type, though gas is hot on its heels. Electric grills are still a minor segment of the market. ●

—Michael Garry
assoc. ed./housewares

Grills

Is there an outdoor grill in your household?

	Percent of replies*
Yes	67.5%
No	32.5%

*873 replies

Do you expect to purchase an outdoor grill in the next 12 months?

	Percent of replies*
Yes	14.7%
No	85.3%

*873 replies

Which type of outdoor grill do you own? Which type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(588)	(127)
Charcoal	57.1%	58.3%
Gas	40.1%	37.8%
Electric	4.9%	6.3%
	*	*

*Does not add to 100% because of multiple replies.

Where did you / would you buy your outdoor grill?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(547)	(695)
Discount store	22.7%	34.8%
Sears, Penney's type store	21.6%	21.4%
Department store	13.1%	10.5%
Catalog showroom	12.8%	15.7%
Specialty outdoors store	12.8%	12.8%
Other outlets	17.0%	5.5%

How much would you be willing to pay for an outdoor grill?

	Percent of replies*
Under $50	29.5%
$50 to $99	30.0%
$100 to $199	28.3%
$200 or more	12.2%
Average: $92.52	

*237 replies

Hand-held vacuums will be snapped up by more consumers

According to consumers queried by *Merchandising*, the vacuum has approached near total saturation; 94.6 percent of the respondents said they own one. Moreover, 18.8 percent noted that they plan to buy a unit in the next 12 months. This confirms that a healthy replacement and trade-up market exists, in part because manufacturers have kept the business fresh with product innovations like electronic controls and extra power.

The survey of price points that consumers are willing to meet indicates that just under one-quarter would pay substantial amounts—$200 and up—for one of these new, full-featured models. The largest percentage (36.4 percent) said they would pay between $100 and $199, with the average price point hitting $130.94.

Now that the primary vacuum market is so close to saturation, a secondary business has arisen based on the hand-held product. Suppliers galore have followed Black & Decker's lead and unveiled a variety of corded and rechargeable, cordless models. According to manufacturers, the saturation level for the hand-held units stands at somewhere between 11 and 13 percent; this leaves boundless opportunities as consumers discover uses for the tiny vacs, ranging from cleaning the car to the stairway.

In this survey 18.6 percent of consumers indicated that they own a hand-held vac. But among those who plan to buy a vacuum, the hand-held unit garnered the largest share of respondents—38.6 percent—proof of its growing popularity.

The rechargeable model remains the most popular hand-held unit, picking up 9.8 percent of those who own a vacuum and 27 percent of those planning to buy one, and surpassing the figures for corded and battery-operated models. The cordless unit's versatility apparently gives it an edge, although it has less power than corded versions and runs for a limited period of time. ●

—Michael Garry
assoc. ed./housewares

Vacuum Cleaners

Do you expect to purchase a vacuum cleaner in the next 12 months?

	Percent of replies*
Yes	18.8%
No	81.2%

*873 replies

Is there a vacuum cleaner in your household?

	Percent of replies*
Yes	94.6%
No	5.4%

*873 replies

How much would you be willing to pay for a vacuum cleaner?

	Percent of replies*
Under $50	11.8%
$50 to $99	28.8%
$100 to $199	36.4%
$200 to $299	15.5%
$300 or more	7.5%
Average: $130.94	

*451 replies

Which type of vacuum cleaner do you own? Which type do you expect to purchase?

	Percent of replies	
	Own now	Plan to buy
(Number of replies)	(826)	(163)
Upright	59.3%	31.3%
Canister	43.1%	24.5%
Lightweight	13.6%	17.2%
Hand-held (total)	**18.6%**	**38.6%**
Rechargeable	9.8%	27.0%
Corded	5.3%	5.5%
Battery	3.5%	6.1%
	*	*

*Does not add to 100% because of multiple replies.

Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

TITLE	Last month's position	Months on chart
1. Scarface *(MCA)*	—	1
2. Silkwood *(Embassy)*	—	1
3. Terms of Endearment *(Paramount)*	—	1
4. Sudden Impact *(Warner)* GP	1	3
5. Gorky Park *(Vestron)*	12	2
6. Christine *(RCA/Columbia)*	—	1
7. Uncommon Valor *(Paramount)*	3	2
8. All the Right Moves *(CBS/Fox)*	—	1
9. Raiders of the Lost Ark *(Paramount)*	19	7
10. Trading Places *(Paramount)*	2	4
11. The Dead Zone *(Paramount)*	6	3
12. Mr. Mom *(Vestron)*	5	5
13. Under Fire *(Vestron)*	7	3
14. Rear Window *(MCA)*	—	1
15. D.C. Cab *(MCA)* G	11	3
16. Octopussy *(CBS/Fox)*	4	3
17. The Lonely Guy *(MCA)*	—	1
18. WarGames *(CBS/Fox)* G	8	4
19. Risky Business *(Warner)*	17	7
20. Angel *(Thorn EMI)*	—	1
21. Never Say Never Again *(Warner)* GP	10	4
22. Flashdance *(Paramount)*	23	10
23. Star 80 *(Warner)* GP	9	3
24. Osterman Weekend *(Thorn EMI)* GP	14	3
25. National Lampoon's Vacation *(Vestron)* GP	21	7
26. Testament *(Paramount)*	—	1
27. The Man Who Loved Women *(Columbia)*	28	2
28. Star Chamber *(CBS/Fox)*	18	4
29. The Keep *(Paramount)*	—	1
30. Tootsie *(RCA/Columbia)*	13	5

Top 10 in videocassette sales

1. Jane Fonda's Workout *(Karl Video)*	2	24
2. Terms of Endearment *(Paramount)*	—	1
3. The Making of Michael Jackson's Thriller *(Vestron)*	1	8
4. Raiders of the Lost Ark *(Paramount)*	3	8
5. Scarface *(MCA)*	—	1
6. Do It Debbie's Way *(Video Associates)*	4	2
7. Trading Places *(Paramount)*	5	4
8. Flashdance *(Paramount)*	7	10
9. Mickey *(Walt Disney)*	—	1
10. Rear Window *(MCA)*	—	1

Top 5 in CED videodisc sales

1. Scarface *(MCA)*	—	1
2. Uncommon Valor *(Paramount)*	—	1
3. All the Right Moves *(CBS/Fox)*	—	1
4. Under Fire *(Vestron)*	—	1
5. The Making of Michael Jackson's Thriller *(Vestron)*	3	4

Top 5 in laserdisc sales

1. Scarface *(MCA)*	—	1
2. Silkwood *(Embassy)*	—	1
3. Uncommon Valor *(Paramount)*	—	1
4. Sudden Impact *(Warner)* GP	1	3
5. Never Say Never Again *(Warner)*	5	4

G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sales of at least $1 million. (RIAA/Video)
P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least $2 million. (RIAA/Video)
I—Golden Videocassettes award—has audited return of sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

VIDEO/NEW RELEASES

CBS/FOX VIDEO

ROMANTIC COMEDY Dudley Moore stars in this funny movie as Jason, a self-centered playwright. On his wedding day, he stands stark naked waiting for his masseuse when in walks Phoebe (Mary Steenburgen). What follows is a comic yet moving tale. *Color 102 minutes PG C: $59.95.*

UNFAITHFULLY YOURS (1984) This remake of the 1948 classic stars Dudley Moore as a conductor and Nastassia Kinski portrays his glamorous wife. Armand Assante plays the dashing young violin virtuoso who Moore suspects is stealing Kinski's affections. *Color 96 minutes PG C: $79.98.*

EMBASSY

JUNGLE BOOK (1942) This classic adventure stars Sabu (Elephant Boy) as Mowgli, a young Indian boy who is raised by a pack of wolves. Years later, Mowgli returns to his village, falls in love, but soon becomes disenchanted by the greed of the human race. He finally returns to his home—the jungle. *B/W 105 minutes C: $39.95 LV: $34.95.*

A MIRROR MIRACLE (1983) The witty and heart warming story of two stubborn priests, the world's foremost soccer player and a dozen dirty orphans who band together to save the orphan's home from being condemned by the local city planners. *Color 100 minutes G.*

FAMILY HOME ENTERTAINMENT

A GUMBY SUMMER Gumby and his friends Pokey, Prickle and the rest of the gang cavort through a fantasy world of runaway robots, perky Indians and villainous Blockheads. The film provides entertainment for a variety of ages. *Color 60 minutes G Beta Hifi VHS Stereo C: $29.95.*

THE LEGEND OF HIAWATHA Henry Wadsworth Longfellow's immortal poem comes to life in this animated adventure. Hiawatha is sent to teach his people the ways of progress and survival, but first he must battle an evil demon, who has brought a deadly plague down upon his people, including Hiawatha's love, Minnehaha. *Color 60 minutes Beta Hifi VHS Stereo C: $29.95.*

MCA

BLONDIE LIVE! The group's last concert features the dynamic vocals of Deborah Harry at her boldest best plus the rest of the Blondie band, including Chris Stein, Nigel Harrison and Clem Burke. Such hits as Call Me, Heart of Glass, One Way or Another and Start Me Up are featured. *Color 35 minutes C: $29.95.*

TANK (1983) James Garner stars in this unusual drama of love, honor and loyalty. Sergeant Major Zack Carey (Garner) is completing his final stint of duty at a post in a small southern town. After defending a prostitute (Jenilee Harrison), he finds himself fighting with the town sheriff (G.D. Spradlin). *Color 113 minutes C: $79.95 CED: $19.98 LV: $29.98.*

MGM/UA

AUDREY ROSE (1977) Marsha Mason and John Beck star as panic-stricken parents who are confronted by a mysterious stranger (Anthony Hopkins) who claims that his dead child, Audrey Rose, lives on inside their daughter, Ivy. The horrified couple watch helplessly as Ivy is completely taken over by this tormented spirit. *Color 113 minutes PG C: $59.95.*

CURSE OF THE PINK PANTHER (1983) When Inspector Clouseau is declared missing, Chief Inspector Dreyfuss (Herbert Lom) sends for the world's most inept detective. Blake Edwards wrote and directed the seventh movie of the classic Pink Panther series. *Color 110 minutes PG C: $79.95.*

RCA/COLUMBIA

THE BIG CHILL (1984) It's here on home video at last! This film shows the reunion of a group of former college housemates at the funeral of one of the group who had committed suicide. The group spends a week together reminiscing, evaluating their lives and studying their futures. Closed-captioned for the hearing impaired. *Color C: $79.95.*

EDUCATING RITA (1984) Michael Caine and Julie Walters star in this comedy about a young working-class hairdresser who goes to a university to study English literature. She develops an unusual and touching relationship with her disillusioned professor (Caine). *Color PG Beta Hifi C: $79.95.*

MOSCOW DOES NOT BELIEVE IN TEARS This entertaining comedy traces the lives of three small town girls who arrive in Moscow to pursue their dreams. This film was the winner of the 1980 Academy Award for best foreign film. *Color Beta Hifi C: $59.95.*

WARNER

LET'S BREAK: A VISUAL GUIDE TO BREAK DANCING (1984) An hour long instructional guide to all of the moves and steps associated with the break dancing craze, this home video features original music by Dennis McCarthy and Jim Cox. The film showcases New York City break dancers in demonstrations of such basic moves as popping, body waves, backspins, the worm and the "Electric Boogie." *Color VHS Dolby Stereo Beta HiFi C: $39.98.*

Merchandising TELEPHONES

Cellular telephone story: proceed with caution

By Mark Harrington, assistant editor

CHICAGO—While cellular technology, the concept that put telephones on the road, is viewed as a profitable idea whose time has come, experts in marketing the devices advise retailers to proceed with caution in entering the field.

Moreover, manufacturers gathered at the CES said selectivity would play a major role in distribution of cellular phone products. For the most part, retailers that can offer reliable service, installation and maintenance, as well as the ability to commit sizeable investments to stock, will likely be those chosen as dealers.

For that reason, car dealers and car stereo aftermarket retailers will be the first to make product available.

But that's not to say other types of dealers will be cut out altogether. And in the future, as prices fall and services reach more cities, the number of retailers offering cellular product can be expected to expand.

Get educated

By far the most resounding message from manufacturers to retailers in the area of cellular was: Understand the technology and what it entails before making an investment.

Manufacturers for their part are attempting to make that message clear by offering training on how to sell, install and maintain cellular systems.

Perhaps the greatest advocate of proceeding cautiously is AT&T Consumer Products, which stands to lose credibility points if mistakes and misconceptions about cellular start cropping up.

"We've got training programs up the kazoo," said Phil Scanlon, marketing director, cellular, AT&T Consumer Products. "We don't want any clutzy do-it-yourself installers screwing up someone's car."

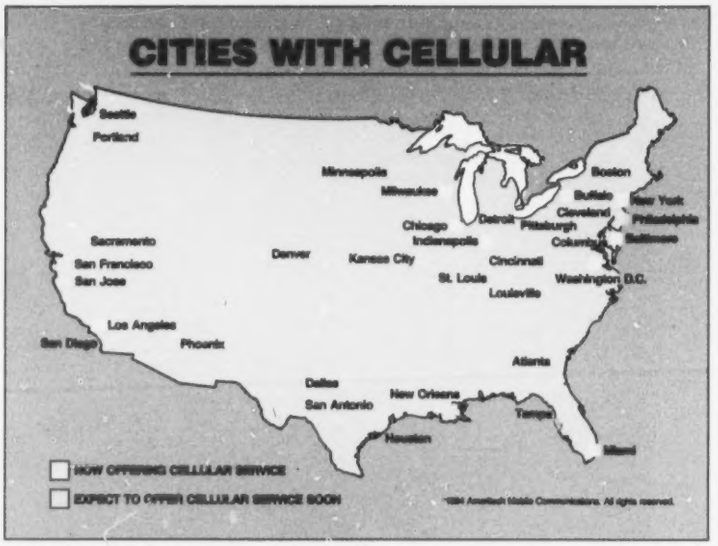
The company is also going to be particular about who it sells its systems through. "We're willing to lose a little business while other companies sell fast and cheap in support of our notion that it's not how many dealers you have that counts, but the quality of those you have," said Scanlon.

"The market for cellular is just beginning," he added. "There's plenty of time for retailers to do their homework."

It not only takes education to get into cellular, it's going to take dollars as well. Those willing to make the biggest commitments in stock will be favored by the manufacturers.

At Western Union, dealers must

(Continued on page 48B)



CELLULAR SYSTEMS ARE OPERATING in nine cities at press time. Others are expected to come on line imminently. Within a few years, most major metropolitan areas will be offering cellular service.

Growth prospects strong:

Multi-feature units replacing leased phones

By Marilyn Sibirski, field editor

CHICAGO—Heightened consumer awareness of such features as built-in speakers and autodialers is painting a bright picture for the multi-feature phone market. According to vendors at last month's CES, this up-and-coming category will be the fastest growing segment of the phone business in the near future.

In addition, suppliers expect greater sales momentum in basic phones—particularly those with new styling—as more consumers replace their leased units. A sizeable portion of the public, they explained, will still opt for basic models because of their familiarity with the product.

How many consumers own their phones? According to AT&T research, half the equipment in use will be owned by the end of 1984. And the number of telephones in use is projected to rise from 158 million in 1983 to 195 million at the end of 1989. Households are expected to increase from 84.6 million in 1983 to 94 million in 1989, while the number of phones per home will grow from 1.9 to 2.1.

"For 1985 and beyond, I'm very bullish on the prospects for the retail telephone sales market," stated Al Franks, vice president of sales for AT&T Consumer Products. "While we probably won't see the extraordinary growth of the past two years again, the market should stabiiize and then continue forward with a healthy year-over-year growth. Annual unit sales over the next five years will fall into the 27 to 35 million range, while revenues will climb to between $1.5 and $1.8 billion."

Features are in demand

"Functional phones—those with features over and above three to five one-touch repertory calling positions and last number redial—will experience a 55 percent growth factor in 1984, with continued healthy movement expected in 1985 and beyond," said Franks.

"The challenge for both the manufacturer and the retailer is to continue educating consumers about the features and their benefits through advertising, promotion and sharpened sales skills," he emphasized. "Without this educational process, the vast revenue potential of this product category will neither be maximized nor achieved as quickly."

(Continued on page 52)

Cordless market should rebound on strength of new frequencies

By Marilyn Sibirski, field editor

CHICAGO—Cordless phones—fading stars for much of the past year—were attempting to make a comeback at last month's CES as retailers viewed models with the new 10-channel frequency (46/49 MHz) from a long list of manufacturers.

Despite their significantly higher price tag, the new generation of cordless phones is expected to reignite healthy sales in the cordless phone business in the near future.

But for the remainder of 1984, vendors as well as dealers will concentrate on phasing out their inventory of the five-channel frequency models (49/1.7 MHz) and rebuilding consumer confidence in the once booming cordless category.

Still growing

"Cordless phones are still in a growth stage," asserted Al Franks, vice president of sales for AT&T

(Continued on page 52B)

Firms start to enter business phone field

Manufacturers cite the growing number of small businesses as the main reason for jumping into this promising telephone area. Turn to page 52B for complete details.

Cellular phones offer new way of talking

Vendors now offering cellular technology have great expectations. For a concise report detailing who's carrying the product and where it will be going, turn to page 48B.

Demand is growing for phone answerers

Many suppliers unveiled new answerers at the CES last month. For a partial listing of what's new in the category, read some of the industry's manufacturers' take a look at page 52.

BEST AVAILABLE COPY

New corded phones sport memory, tone/pulse switchability, auto redial

(Continued from page 48A)
new functional phones. Touch-a-matic 1015 is a clock radio/telephone with nine-number memory dialing of up to 16 digits and a suggested retail of $89.95. Touch-a-matic 1605 is a desk organizer phone, featuring a calendar holder and compartments at $199.95.

Entering the telephone business with three multi-feature models this summer is Technico. Six other models will be made available in November; suggested retails range from $19.95 to $199.95.

"Our entry into the phone business is a logical step in our development as a company," said president Howard Boilen. "Our commitment to research and development enabled us to produce phones which perform the same functions as competing products, but with fewer chips."

Highlighting Technico's line is a speech analysis/synthesis phone (model SS-600). The synthesizer reproduces voices with electronic components instead of using a recorded voice on tape. It allows users to leave an outgoing message on their phone, and hook it up to their tape recorder to handle incoming messages. The product has tone/pulse switchable dialing, an 11-digit LCD display, a stop watch and hands-free dialing.

Also jumping on the feature phone bandwagon with three new entries is Mura Corp. "The models, with suggested retails from $69.95 to $89.95, offer consumers a variety of features, such as built-in speakers and a strong price/performance value ratio," noted Martin Homlish, vice president of marketing and sales. "Other highly requested features are tone/pulse switchability and memory."

Mura showed an exclusive new convenience feature on three of its models. Called MasterHold, it allows every phone, regardless of make, in a one-line household system to share an independent hold function. MasterHold is designed not to interfere with call waiting and other services for single-line phones.

At General Electric, Robert Giordano, product manager, pointed out: "We've done a lot of research on what consumers find useful and necessary in phones. The speaker feature is becoming increasingly important because it provides freedom from the cord and enables group conversation. And memory is in demand; three years ago it was a relatively unknown feature."

"Our research also indicated that consumers find busy signals to be a big annoyance," he added. "In response to this problem, we developed a 16-number memory phone with a feature that provides continual dialing of busy numbers every 30 seconds."

A long list of convenience features, including auto redial of busy numbers, has been incorporated into Code-A-Phone's line of multi-feature phones. The company introduced six models with suggested retails from $109.95 to $159.95.

"Some of the units offer two-line capability and built-in speakers," noted Paul Newman, vice president of marketing. "We also added a 10-number LCD display to several models. This provides visual verification of numbers as they are dialed or programmed for storage as well as indicating functions in use. Ease of operation is very important to consumers."

At Comdial, John Forbes, vice president of marketing, said: "Consumers are aware that phones can perform many functions. That's why we added hold and redial to our line of standard wall and desk models as well as our new Slenderet collection. A sizeable portion of the sales growth for the rest of 1984 will come from these two product areas, with most of the price movement falling between $54.95 and $84.95."

Also new at Comdial is the Regent series, which carries a two-year limited warranty and offers traditional gong ringers. Made in the United States, these multi-feature phones will be available either with a reversible base for wall mounting or in a separate wall version.

Sanyo's new entries in multi-feature phones offer a range of nine-number to 64-number memory with redial. Other features include tone/pulse switchability speakers and LCD displays. The units list from $59.95 to $169.95. Marketing manager Larry Brydbord expects most of the movement to be in the low- to mid-priced areas.

Another newcomer in the multi-feature phone business is Specialty Phones, Inc., which introduced a full-duplex speaker phone with an amplified handset. The model will be available with either a linear or matrix pressure-sensitive membrane touch pad.

"We're moving away from decorator phones and into the feature phone area," stated vice president Jeffrey Cutruzzula. "We'll be introducing a model with Braille symbols in September and another unit with full voice recognition in the first quarter of 1985."

Also designed for the blind and those with poor vision is the "easy touch" by ITT Telecom. The product's oversized keypad—featuring large buttons and graphics—will be supplemented with Braille symbols.

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You've made Curley Cords the premier source for telephone cords and accessories. And the smart buyers in this industry know why...

- We never met a phone we couldn't match. Beautifully. Our handset cords come in 14 matching telephone colors.
- We introduced our "curley" concept to line cords. And we make them in both 14' and 25' lengths.
- Our line cords come in colors too — not just dull grey.
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- All our replacement telephone cords are American made under Western Electric license. Quality you can count on.
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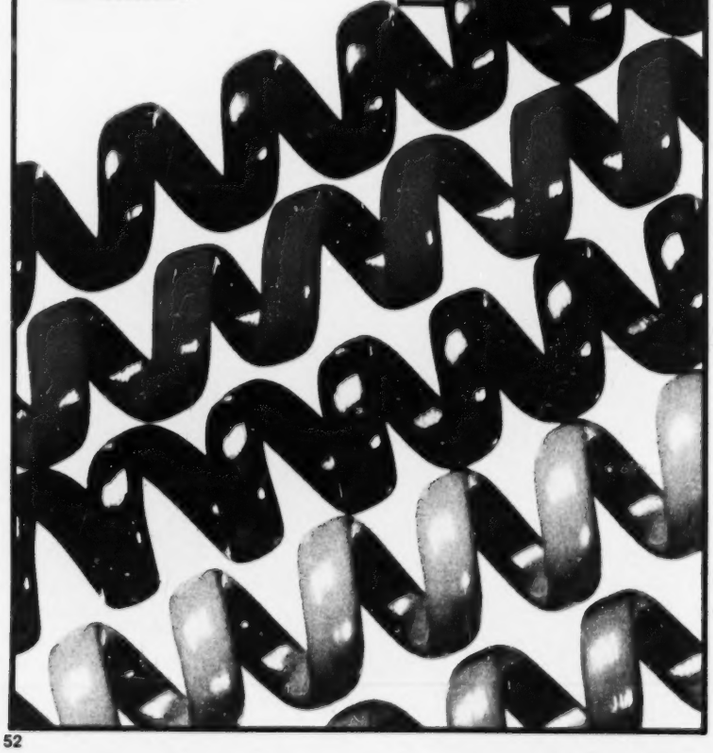
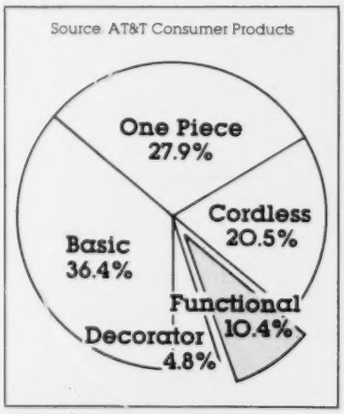
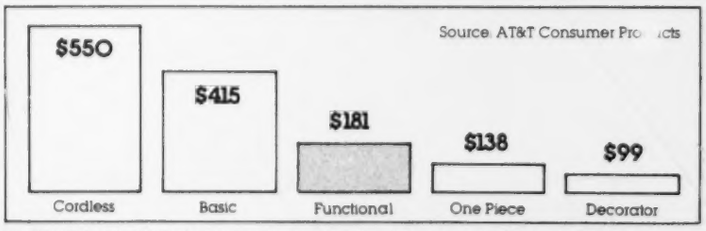


Phone Sales—1984
(Units)



GROWING FAST, 2.8 million functional phones will be sold this year, up from 1.8 million in 1983, according to AT&T Consumer Products. The company expects the category to capture 10.4 percent of the total phone market of 26.9 million units.

Phone Sales—1984
(Dollars In Millions)



IN THIRD PLACE, functional phones should generate $181 million of sales in the total phone market of $1.4 billion this year, according to AT&T Consumer Products. This compares with $121 million last year.